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PREFACE.



IN this Treatise the author presents such a progressive course of instruction as he has been in the habit of pursuing with pupils using his 'Progressive Exercises in Bookkeeping;' and the study of it should be accompanied with the working of these Exercises, as directed in the foot-notes. The 'Progressive Exercises' include many Problems, as they may be called, whose solutions, in proper technical form and language, are not likely to be easily determined by the generality of students without the help of a Treatise like the present. The publication of a KEY also has been found necessary, in order to save time and trouble in the revision of work, by enabling the student speedily to ascertain his accuracy or to detect his errors.

SELF-INSTRUCTION IN BOOKKEEPING.



1. BOOKKEEPING is that branch of systematic instruction which teaches the general principles and forms according to which merchants keep their Account Books.

2. The chief transactions of commerce are purchases and sales.

If I buy goods and pay for them on delivery, I am said to buy them *for cash*. If I do not pay for them immediately, I am said to buy them *on credit*. And so with my sales.

3. The original records of a merchant's affairs and transactions are generally made in what is called a *Waste Book*. This Book receives successive entries of all kinds of business matters, its arrangement being orderly only in respect of date. The following is an imagined example of a few *Waste-Book* entries. Let the student suppose himself to be the buyer, seller, receiver, &c.—that is, let him regard himself as the owner of the Book from which the extract is supposed to be made:—

Waste-Book Entries.

	£	s.	d.
1870.			
June 27. Bought of Adam West: 46 gallons			
Brandy @ 19s.	43	14	0
„ Received of John Smith in part payment			
of his Account	70	10	8
28. Sold W. Moore & Co.: 2 pipes Port			
Wine @ £56	112	0	0
29. Sold for cash: 15 gall. Brandy @ 23s. 4d.	17	10	0
30. Paid Adam West	20	0	0

These entries are of a miscellaneous nature. They record successively a credit purchase, a receipt in cash, a credit sale, a cash sale, and a payment in cash. They are orderly only as regards their dates.

4. Now it is obvious that several distinct Books may be compiled from the miscellaneous materials of a Waste Book. I may require that all my cash receipts and payments shall be recorded in a particular Book, called the Cash Book; and the preceding transactions supply three entries for that Book, viz. the second transaction of the 27th and those of the 29th and 30th of June. I may also require that all my credit purchases be recorded in a separate Book, and the first of the preceding transactions supplies one such entry. And so with my credit sale on the 28th. But we shall return to this subject in due time. Meanwhile we wish to impart to the student a distinct understanding of the technical use of the terms *Debtor (Dr.)* and *Creditor (Cr.)*, referring for means of illustration to the items recorded in § 3.

5. According to the entry of the 30th, I paid cash, £20, to Adam West. Now let this fact be looked at simply by itself, apart from the consideration of any claim which West may have upon me; then I may call him *Dr.* to me for the money. Again, according to an entry on the 27th, Adam West sold goods to me to the amount of £43 14s. Let this fact also be now looked at simply by itself, apart from the consideration of any payment made by me to him on account of the goods, then I may call myself *Dr.* to him, or him *Cr.* to me, for the £43 14s. Well, it is now obvious that if in my Books I represent Adam West as *Dr.* to me on one hand for £20, and as *Cr.* to me on the other for £43 14s., I, in effect, represent him as being not in my debt, but as having a claim on me for £23 14s. When I shall pay him this balance, I will call him *Dr.* to me for the cash, because I have already called him *Cr.* to me for its equivalent; and so the account will be finally settled.

Similarly, I may regard the second entry of the 27th as making me *Dr.* to Smith for £70 10s. 8d., because another

part of Smith's account will represent him as *Dr.* to me for the value.

The transaction of the 28th makes W. Moore & Co. *Dr.* to me, or me *Cr.* to them, for goods.

The transaction of the 29th does not appear to make me either *Dr.* or *Cr.* to any one. In this case let us suppose that I sold the goods to A. B. for cash; then I am *Dr.* to A. B. for the cash, and at the same time A. B. is *Dr.* to me for the goods; and these two statements are equivalent to the single statement that *I, as a receiver of cash, am Dr. to myself as a seller of goods.* To make this more intelligible, suppose that Edward owes William £40, and William owes Richard £40, it is evident that William's claim and his debt may both be cancelled—that is, he may pay his debt by transferring his claim, and thus simply make Edward *Dr.* to Richard £40

6. Let us now reconsider the transaction of the 29th:—We have seen that it makes me as a receiver of cash *Dr.* to myself as a seller of goods. Now, the awkwardness of entering myself as *Dr.* to myself is avoided by a very useful expedient employed in what is called the *Double-Entry* system of Bookkeeping. According to that system, I as a receiver, or as a payer, of cash call myself *Cash*, and I as a seller, or as a buyer, of goods call myself *Goods*; and thus the entry formed from the transaction of the 29th becomes **Cash *Dr.* to Goods**, or, inversely, **Goods *Cr.* by Cash**: the relation of *Dr.* being always expressed by the word *to*, and that of *Cr.* by the word *by*.

Hence the important rule for distinguishing *Dr.* and *Cr.*—

What comes in to my business is *Dr.*

What goes out from my business is *Cr.*

7. The method of *Double Entry* is so called because *two* equivalent entries of every transaction are made in the Account Book called the Ledger. Thus, the transaction last referred to would be entered in the *Cash Account* of the

Ledger as Cash *Dr.* to Goods, and also in the *Goods Account* of the Ledger as Goods *Cr.* by Cash.

8. We will now go over the given Waste-Book transactions again, and show, by the application of the above standard rule, how each of them is technically expressed according to Double Entry.

(1) Bought Goods of Adam West:—What came in? Goods. Therefore *Goods* is *Dr.*; and the Double Entry will be—

Goods *Dr.* to Adam West. | Adam West *Cr.* by Goods.

The meaning of this is, that I, in respect of goods, am *Dr.* to West, or that West is *Cr.* to me in respect of goods.

(2) Received Cash of John Smith:—What came in? Cash. Therefore *Cash* is *Dr.*; and the Double Entry will be—

Cash *Dr.* to John Smith. | John Smith *Cr.* by Cash.

Here the meaning is, that I, in respect of cash, am *Dr.* to Smith, or that Smith is *Cr.* to me in respect of cash.

(3) Sold Goods to Moore & Co.:—What came in? The transaction supplies no answer.*—What went out? Goods. Therefore *Goods* is *Cr.*; and the Double Entry will be—

Moore & Co. *Dr.* to Goods. | Goods *Cr.* by Moore & Co.

Here the meaning is, that Moore & Co. are *Dr.* to me as a seller of goods.

(4) Sold Goods for Cash:—What came in? Cash.—What went out? Goods. Here, as will often be found, the transaction supplies answers to both parts of the rule. Accordingly, *Cash* is *Dr.*, and *Goods* is *Cr.*; and we have—

Cash *Dr.* to Goods. | Goods *Cr.* by Cash.

The meaning here is, that I, in respect of cash, am *Dr.* to myself in respect of goods—that is, I have obtained cash by means of my goods.

* Or one not easily appreciable by beginners.

(5) Paid Cash to Adam West:—What came in? No answer.—What went out? Cash. Therefore *Cash* is *Cr.*; and the forms of entry are—

Adam West *Dr.* to Cash. | Cash *Cr.* by Adam West.

9. In the system of Double Entry three distinct Books would be sufficient—a Waste Book, a Journal, and a Ledger. But others are also generally used, such as a Cash Book, a Bought Day Book or Invoice Book, a Sold Day Book or Sales Book (often called simply a Day Book), &c. We shall for the present confine attention to the scheme of three Books.

The *Journal* converts the successive items of the Waste Book into technical forms, as explained in the preceding section, and is merely an auxiliary or subsidiary Book, presenting the particulars of the Waste Book in a shape adapted for easy or simply mechanical transfer to the compilation called the Ledger. It receives only the *Dr.* form of each transaction, implying however, of course, that each of its entries may be read inversely in the *Cr.* form; and they *are* read both ways in compiling the Double Entry Ledger from them.

10. The following is a representation in Journal form of the Waste-Book items explained in § 8:—

<i>Journal.</i>		<i>Drs.</i>			<i>Crs.</i>		
		£	s	d	£	s	d
1870 June 27	Goods To Adam West	43	14	0	43	14	0
"	Cash To John Smith	70	10	8	70	10	8
28	W. Moore & Co. To Goods	112	0	0	112	0	0
29	Cash To Goods	17	10	0	17	10	0
30	Adam West To Cash	20	0	0	20	0	0

The first of the above Journal entries is read thus:— Goods *Dr.* for £43 14s. to Adam West for £43 14s.; and so with the others. The reason for entering the amounts in two money columns will be understood by and by (§ 16). The learner should carefully notice the particulars of form which the Journal presents, such as the position of the *Drs.* column on the left of the *Crs.*, the indenting of the *Cr.* line of each entry—that is, beginning it a little farther to the right than the *Dr.* line, and the ruled strokes separating the several entries.

11. The Book called the Journal belongs only to the system of Double Entry. It is not essential, though it is very useful. But whether that Book be kept or not, a ready power of stating the Journal form of any transaction is a qualification of great importance in the art of Bookkeeping—that is to say, it is very necessary for the student to be able to express at once any transaction in the form *A Dr. to B*; and this power is not to be acquired without a considerable amount of varied practice.

We will now propose another set of transactions to be converted into Journal entries.

12. Let it be required to convert the following transactions into Journal entries:—

Waste-Book Entries.

		£	s.	d.
1870.				
July 4.	Bought for cash of J. Ward :			
	6 pieces of Calico @ £1 14s. 6d. .	10	7	0
6.	Paid Wells & Co. on account of J. Welsh	13	14	9
9.	Received of W. Slade on account of T. Brown	6	16	0
12.	Paid W. Bennet on account . . .	15	12	6
„	Bought of J. Ward :			
	6 pieces Irish Linen @ £4 10s. .	27	0	0
15.	Sold Arthur Letts :			
	2 pieces Linen @ £4 17s. = £9 14s.			
	2 pieces Calico @ £2 2s. = 4 4s.			
			13	18 0
16.	Borrowed of Henry Wilson . . .	50	0	0

Applying the rule of *Dr.* and *Cr.* to these transactions:— We find that, on the 4th, Goods came in and Cash went out; for which the formal entry is *Goods Dr. to Cash* (without need of any reference to the name J. Ward), the meaning being that the Goods are, as it were, responsible for the recovery of the Cash. The transaction of the 6th represents Welsh as responsible to me for the cash I have given to Wells & Co. I ask, therefore, What came in? Nothing.— What went out? Cash. Therefore the relation of accounts is *J. Welsh Dr. to Cash*. The next thing is my receipt of cash on account of T. Brown—that is, of cash to be acknowledged to Brown; therefore, as cash comes in, I must make *Cash Dr. to T. Brown*. Then I paid W. Bennet part of his account; so cash went out, and Bennet is indebted to me for having paid him, which makes *W. Bennet Dr. to Cash*. For the goods which I had on credit the same day, the entry is *Goods Dr. to J. Ward*. On the 15th I sold Arthur Letts goods to the amount of £13 18s., in which case goods went out, and I must enter *Arthur Letts Dr. to Goods*. Lastly, my borrowing of Henry Wilson is a case of cash coming in, and the Journal entry will be *Cash Dr. to Henry Wilson*.*

13. Some business men include the money they have at their Bankers' and that at their office under one title of account, viz. Cash; but others assign money at their Bankers' to a *Bank Account*, distinct from what is strictly their *Cash Account*. It will be afterwards shown how this distinction might be confined to a Cash Book, so as not to be required in a Journal; but meanwhile it will be a useful exercise for the student to keep Bank and Home Cash apart in the Journal.

Suppose, then, that I pay into my Bank Account £20; there is an increase of my Bank funds and a decrease of my Office Cash funds, and I may enter the transaction as *Bank*

* The student may now write out the Journal forms required in the author's 'Progressive Exercises,' 1-3.

Dr. to Cash; and similarly, if A. B., instead of paying cash at my office, pays it into my Bank Account, I may enter the transaction as *Bank Dr. to A. B.* Again, if I draw out from my Bank Account £20, there is a decrease in my Bank funds and an increase in my Office Cash funds, and I may enter the transaction as *Cash Dr. to Bank*; and similarly, if A. B., instead of receiving cash from me, receives from me a cheque on my Bankers, I may enter the transaction as *A. B. Dr. to Bank*.

But it should be observed that if I receive payment from any one by a Bank cheque, that cheque has nothing to do with my Bank Account, and is to be accounted a cash receipt.*

14. Each of the two names in a Journal entry is called an Account, as it is to form the title of a distinct Account in the Ledger. The first Account is said to be *debited* with its amount, or its amount is said to be placed to the *debit* of its name; the second, in like manner, is said to be *credited* with its amount, or its amount is said to be placed to the *credit* of its name.

15. Sums paid by a merchant on account of warehouse rent or taxes, or of wages or salaries, or of stationery (not being goods which he deals in), also sums allowed by or to him in the way of discount, interest, and the like—in short, all his profits, losses, and trade expenses—are assigned to an Account called 'Profit & Loss Account,' because he has neither received nor given any description of property in exchange for these.

16. Suppose the following to be consecutive entries in my Waste Book; they supply some Journal entries of a kind which we have not yet exemplified:—

* The student may now write out the Journal forms required in 'Progressive Exercises,' 4, 5; observing, in Ex. 5, that he is to use the words *Tea* and *Coffee*, instead of the general term *Goods*.

Waste Book.

1870.		£	s.	d.
March 7.	Sold E. F. Wood: Goods . . .	131	18	3
„	Borrowed of Hugh Smith . . .	250	0	0
„	Sold George Bent: Goods . . .	94	10	7
9.	Opened an Account with the Bank of England, and paid in . . .	300	0	0
14.	Paid for stationery . . .	2	11	2
16.	Received of Percy Johns . . .	67	11	4
„	Sold for cash to W. Davies: Goods . . .	53	0	10
22.	Received of George Bent . . .	93	7	0
	for amount of a/c £94 10 7			
	less discount, $1\frac{1}{4}\%$ 1 3 7			
24.	Paid Hugh Smith . . .	120	5	7
	viz. on a/c of loan £120 0 0			
	and 17 days' interest 0 5 7			
26.	Paid into the Bank of England . . .	50	0	0
„	Paid Clerk's salary . . .	25	0	0

In proceeding to frame Journal entries of these transactions, it should be observed that the first and last transactions of the 7th have the same *Cr.* account, their Journal entries being, respectively, *E. F. Wood Dr. to Goods* and *George Bent Dr. to Goods*; these entries, therefore, may be combined, making *Wood* for his part of the amount and *Bent* for his, jointly *Dr. to Goods* for £226 8s. 10d. On the 14th cash went out on account of *expenses*, and I therefore make *Profit & Loss Account Dr. to Cash*. By each transaction of the 16th I receive cash, and this again supplies one *Dr.* account to two *Cr.* accounts, *Johns* and *Goods*. On the 22nd George Bent is to be credited with the full amount of his account, £94 10s. 7d., because I allow his debt to be cancelled by his payment of £93 7s. cash, my abatement of the remainder being in consideration of his having paid so soon after the purchase, and to be charged to myself in my *Profit &*

Loss Account. I make, therefore, two things *Dr.* to one *Cr.*, viz. *Cash Dr.* for £93 7s. and *Profit & Loss Dr.* for £1 3s. 7d. jointly to *George Bent* for £94 10s. 7d. Thus the *Dr.* side of the account equals the *Cr.*, which must be always the case in a Journal. On the 24th cash went out to the amount of £120 5s. 7d., and as *Drs.* to this we have *Hugh Smith* for £120 and *Profit & Loss* for 5s. 7d. On the 26th £75 cash went out, my *Bank of England Account* being *Dr.* for £50 of that amount, and my *Profit & Loss Account Dr.* for the remainder.

We now subjoin a Journal of the above Waste Book, conformable with the explanations just given.

Journal.*		Drs.			Crs.		
		£	s	d	£	s	d
1870							
March 7	E. F. Wood	131	18	3			
	George Bent	94	10	7			
	To Goods				226	8	10
"	Cash	250	0	0			
	To Hugh Smith				250	0	0
9	Bank of England	300	0	0			
	To Cash				300	0	0
14	Profit & Loss	2	11	2			
	To Cash				2	11	2
16	Cash	120	12	2			
	To Percy Johns				67	11	4
	„ W. Davies				53	0	10
22	Cash	93	7	0			
	Profit & Loss	1	3	7			
	To George Bent				94	10	7
24	Hugh Smith	120	0	0			
	Profit & Loss	0	5	7			
	To Cash				120	5	7
26	Bank of England	50	0	0			
	Profit & Loss	25	0	0			
	To Cash				75	0	0

* When the pupil has examined and understands this Journal, he should work No. 6 of the 'Progressive Exercises.'

17. An Account is very often settled in a contingent form by means of what is called a Bill, or Acceptance, which is a written undertaking, on stamped paper, to pay a certain sum in a specified time, the time being generally expressed in months.

The following example may be supposed:—I owe Adam West £23 14s., and he wishes to have his claim recognised by a written obligation, which may supply the place of cash to him for a month, and then become payable by me. This gives me a month's credit, and I therefore allow him to draw a Bill on me, which, supposing my name to be Arthur Mann, he would do in something like the following form:—

£23 14s.

London: July 1, 1870.

One month after date, pay to me or my order Twenty-three Pounds Fourteen Shillings, value received.

To Arthur Mann, &c. &c.

Adam West.

This request, which is called a Draft, is sent to me that I may signify my *acceptance* of the obligation by writing my name across the face of it. When I have done this I return the Bill, which is now termed also an *Acceptance*, to Adam West, and he either holds the Bill in his own hands till the day on which I am to pay it, or else he pays it away, at any time during the month, with his name written across the back of it, to some one to whom he is indebted; and this person may, in like manner, endorse the paper and transfer it as a payment to another. The person who happens to be the holder of the Bill on the day on which it falls due presents it for its final discharge by me in cash; and I am said to honour the Bill when I take it up by paying the contents; but if I fail to pay it, it is said to be returned dishonoured.

So if on July 2, 1870, W. Moore & Co. owe me £112, and I wish to have my claim on them recognised by a Bill at two months, I draw on them in the same way as Adam West drew on me; and I send the Draft to them, that they may make it their Acceptance in my favour by writing their name

across the face of it. When they send me the Acceptance, I may either continue to hold it myself, or I may endorse it and transfer it as a species of payment to one of my creditors.

A Bill, then, will now be understood by the learner to be a contingent means of payment, not equivalent to cash (for the acceptor of the Bill may fail to pay it when it becomes due), but as a temporary substitute for cash.

When the contents of a Bill are payable *by* me, I call it a *Bill Payable*; when payable *to* me, a *Bill Receivable*.

18. A Bill for a term of months is *nominally* due on the same day of the month as that on which it is dated. Thus W. Moore & Co.'s Acceptance for £112, dated July 2, at 2 months, is *nominally* due on September 2; but it is not *actually* due till September 5, the allowance called *three days' grace* being a customary extension of the term of a Bill, making it payable on the third day after its nominal period is ended. And thus also my Acceptance to Adam West, dated July 1, at 1 month, is *nominally* due on August 1, but *actually* due on August 4.

19. To *Discount* a Bill is to give for it what merchants account its present worth in cash—that is, the sum remaining after deducting from the amount of the Bill the interest on that amount for the time the Bill has to run. Thus, if I, after keeping W. Moore & Co.'s Acceptance for £112 in my own hands till July 15, wish to part with it on that day for its cash value, and can find some one willing to discount it, I do not expect to receive £112 for it, because it has now 52 days to run; and if interest be reckoned at 5 per cent. per annum, 52 days' interest on £112, viz. 16s., will be the charge made by the discounters, and I shall receive from him £111 4s. as the cash proceeds of the Bill. At the same time, it is to be observed that I have endorsed the Bill, and that the discounter thereby holds me liable for the payment of it, if it should be dishonoured by W. Moore & Co. when due.

20. The subjoined specimen of a portion of a Waste Book, to be Journalised, supposes me to have opened fresh Books

at Midsummer 1870. It first presents the state of my affairs, viz. my *Assets* and *Liabilities*, at commencement; the *Assets* being my property in money, goods, and credit claims, and the *Liabilities* being the sums I owe. This is followed up by my transactions in business during a brief period.

Note.—The imaginary affairs and transactions of which we compose the examples in this Treatise must not be supposed to be in every instance as fully or explicitly stated as might be requisite in actual business; but our abridgments, for economy of space and time, do not suppress anything necessary for the due instruction of the student.

WASTE BOOK.

1870	<i>Assets.</i>	£	s	d
June 25	Cash in hand	357	12	6
	Goods on hand:			
	9 pipes of Port @ £50.	450	0	0
	10 butts Sherry @ £46	460	0	0
	52 gall. Brandy @ 19'	49	8	0
	Due by John Smith	127	10	8
	Bill Receivable, No. 34, self on J. Watson, at 3 months, due July 16	34	13	6
	<i>Liabilities.</i>			
June 25	Due to Mark Jones	109	15	0
	Bill Payable, No. 25, W. Wilson, at 2 months, due July 12	83	9	6
	<i>Transactions.</i>			
June 27	Bought of Adam West:			
	46 gall. Brandy @ 19/	43	14	0
"	Received of John Smith, in part payment of his a/c	70	10	8
28	Sold W. Moore & Co.:			
	2 pipes Port @ £56	112	0	0
29	Sold for cash:			
	15 gall. Brandy @ 23/4	17	10	0
30	Paid Adam West	20	0	0
July 1	Accepted Adam West's draft on me, of this date, No. 26, at 1 month, for balance of his a/c	23	14	0
2	Received of W. Moore & Co.:			
	their Acceptance, of this date, No. 35, at 2 months, for amount of their a/c	112	0	0

WASTE BOOK.

1870	<i>Transactions (continued)</i>			£	s	d
July 4	Sold Henry Warne:					
	3 butts Sherry @ £50	£150 0 0				
	2 pipes Port @ £56	£112 0 0	262	0	0	
7	Lent Robert Fell . . . .	. . . .	125	0	0	
9	Sold Mark Jones:					
	9 gall. Brandy @ 23/6	. . . .	10	11	6	
"	Paid Mark Jones . . . .	. . . .	60	0	0	
11	Bought of Edward Sill:					
	57 gall. Rum @ 15/9 . . . .	. . . .	44	17	9	
12	Paid away to Edward Sill:					
	J. Watson's Acceptance, No. 34, due July 16 . . . . .	. . . . .	34	13	6	
"	Paid my Acceptance, No. 25, due this day . . . . .	. . . . .	83	9	6	
14	Received of Henry Warne			200	0	0
15	Received of John Smith			40	0	0
16	Sold John Smith:					
	2 butts Sherry @ £55	£110 0 0				
	6 gall. Brandy @ 24/	7 4 0				
	5 gall. Rum @ 17/6	4 7 6	121	11	6	
18	Paid Edward Sill			10	4	3
21	Received of Robert Fell			70	2	8
	on account of loan	£70 0 0				
	and interest for 14 days	0 2 8				
24	Sold W. Moore & Co.:					
	3 butts Sherry @ £49	£147 0 0				
	10 gall. Brandy @ 24/	12 0 0	159	0	0	
	for cash	£100 0 0				
	on credit	59 0 0				
25	Received of John Smith, in settlement of his account, his Acceptance, No. 36, at 1 month, for					
	cash	£78 11 6				
	allowing him discount	59 5 0				
		0 15 0	138	11	6	
27	Discounted with Bence & Co.:					
	John Smith's Acceptance, No. 36 . . . . .	. . . . .	78	11	6	
	allowing discount	£ 0 6 6				
	receiving cash	78 5 0				

In proceeding to Journalise the foregoing Waste Book, I have first to deal with my Assets and Liabilities, the former amounting to £1479 4s. 8d., and the latter to £193 4s. 6d. The difference of these forms my nett Capital, and I may

therefore call them jointly my 'Capital Account,' or 'Stock Account;' or supposing my name to be Arthur Mann, I might state them under the title 'Arthur Mann (Capital Account).' I will, however, suppress my own name, and use the title 'Stock' to represent me in relation to my Assets and Liabilities; and I am to credit myself with the former, and debit myself with the latter.

On July 1, I granted West my Acceptance, which makes him *Dr.* to a Bill Payable; and on the 2nd I received from Moore & Co. their Acceptance, which makes a Bill Receivable *Dr.* to them.

On July 24, I sold goods to the amount of £100 for cash; this makes *Cash Dr.* £100 to *Goods Cr.* £100. At same time I sold goods to the amount of £59 to W. Moore & Co. on credit; and this makes *W. Moore & Co. Dr.* £59 to *Goods Cr.* £59. By combination, therefore, I write *Cash Dr.* for £100, and *W. Moore & Co. Dr.* for £59, to *Goods* for £159.

On July 25, I received of John Smith an Acceptance, thus making *Bills Receivable Dr.* £78 11s. 6d. to *John Smith Cr.* £78 11s. 6d.; at same time he paid me £59 5s. in cash, which makes *Cash Dr.* £59 5s. to *John Smith Cr.* £59 5s.; and in allowing him discount, I debit my Profit & Loss Account, making *Profit & Loss Dr.* 15s. to *John Smith Cr.* 15s. By combination, therefore, I write three several *Drs.*, for their respective amounts, to *John Smith*, for his total amount.

Lastly, on July 27, I endorsed Smith's Acceptance to Bence & Co., they agreeing to cash it for me, and charging me 6s. 6d. discount; so Cash came in, £78 5s., and a Bill Receivable went out, £78 11s. 6d.; and as I allowed 6s. 6d. to be discounted from the amount of the Bill, I debit *Cash* and *Discount*, for their respective amounts, to the *Bill Receivable*, for its full amount.

With these explanatory observations on the more difficult

entries, we hope the student will be qualified to understand thoroughly the Journal as now subjoined.*

JOURNAL.			<i>Drs.</i>			<i>Crs.</i>		
1870			£	s	d	£	s	d
June 25	Cash		357	12	6			
	Goods		959	8	0			
	John Smith		127	10	8			
	Bills Receivable		34	13	6			
	To Stock					1479	4	8
"	Stock		193	4	6			
	To Mark Jones					109	15	0
	" Bills Payable					83	9	6
27	Goods		43	14	0			
	To Adam West					43	14	0
"	Cash		70	10	8			
	To John Smith					70	10	8
28	W. Moore & Co.		112	0	0			
	To Goods					112	0	0
29	Cash		17	10	0			
	To Goods					17	10	0
30	Adam West		20	0	0			
	To Cash					20	0	0
July 1	Adam West		23	14	0			
	To Bills Payable					23	14	0
2	Bill Receivable		112	0	0			
	To W. Moore & Co.					112	0	0
4	Henry Warne		262	0	0			
	To Goods					262	0	0
7	Robert Fell		125	0	0			
	To Cash					125	0	0
9	Mark Jones		70	11	6			
	To Goods					10	11	6
	" Cash					60	0	0
11	Goods		44	17	9			
	To Edward Sill					44	17	9
	Carried forward		2574	7	1	2574	7	1

* When he has studied it sufficiently, he should work out the 'Progressive Exercises,' 7-9.

JOURNAL.

Drs.

Crs.

1870		£	s	d	£	s	d
	<i>Brought forward</i>	2574	7	1	2574	7	1
July 12	Edward Sill To Bills Receivable	34	13	6	34	13	6
"	Bills Payable To Cash	83	9	6	83	9	6
14	Cash To Henry Warne	200	0	0	200	0	0
15	Cash To John Smith	40	0	0	40	0	0
16	John Smith To Goods	121	11	6	121	11	6
18	Edward Sill To Cash	10	4	3	10	4	3
21	Cash To Robert Fell " Profit & Loss	70	2	8	70 0	0 2	0 8
24	Cash W. Moore & Co. To Goods	100 59	0 0	0 0	159	0	0
25	Bills Receivable Cash Profit & Loss To John Smith	78 59 0	11 5 15	6 0 0	138	11	6
27	Cash Profit & Loss To Bills Receivable	78 0	5 6	0 6	78	11	6
	<i>Total of Journal Entries</i>	3510	11	6	3510	11	6

21. We will now show how a Ledger is compiled from the preceding Journal.

Let it be observed, then, that all the titles of Accounts in the Journal are to form *head-titles* of Accounts in the Ledger, with *Dr.* and *Cr.* sides, vertically divided; the items to which a head-title of Account is *Dr.* being entered on the left side, and those by which it is *Cr.* on the right; and that when that Account has been Journalised as *Dr.* to, or *Cr.* by, more

than one Account, the two or more Accounts are to be called *Sundries* in the Ledger.

Thus, beginning, as is usual, with *Stock Account*, we find that Account, on June 25, *Cr.* by *Sundries* for £1479 4s. 8d., and *Dr.* to *Sundries* for £193 4s. 6d.; and the Journal supplies no more for that Account. Let the learner now refer to the form of these entries in the subjoined Ledger.

Suppose we now take the Account *John Smith*: we have this Account on June 25 *Dr.* to Stock, on June 27 *Cr.* by

LEDGER (Open).

<i>Dr.</i>		STOCK			
1870 June	25	To Sundries	£ 193	s 4	d 6
<i>Dr.</i>		JOHN			
June	25	To Stock	127	10	8
July	16	„ Goods	121	11	6
<i>Dr.</i>		MARK			
July	9	To Sundries	70	11	6
<i>Dr.</i>		ADAM			
June	30	To Cash	20	0	0
July	1	„ Bills Payable	23	14	0
<i>Dr.</i>		W. MOORE			
June	28	To Goods	112	0	0
July	24	„ do.	59	0	0
<i>Dr.</i>		HENRY			
July	4	To Goods	262	0	0

Cash, on July 15 *Cr.* by Cash, on July 16 *Dr.* to Goods, and on July 25 *Cr.* by Sundries. Hence this Account will stand as in the subjoined Ledger.

The Accounts may have any order of place in the Ledger; but the student may as well accustom himself to one particular order, say the following:—Stock, Personal Accounts (that is, those which have names of persons for their titles), Cash, Bank (when this distinction is required), Bills Receivable, Bills Payable, Goods, Profit & Loss.

LEDGER (Open).

ACCOUNT.						<i>Cr.</i>		
1870						£	s	d
June	25	By Sundries				1479	4	8
SMITH.						<i>Cr.</i>		
June	27	By Cash				70	10	8
July	15	„ Cash				40	0	0
	25	„ Sundries				138	11	6
JONES.						<i>Cr.</i>		
June	25	By Stock				109	15	0
WEST.						<i>Cr.</i>		
June	27	By Goods				43	14	0
& CO.						<i>Cr.</i>		
July	2	By Bill Receivable				112	0	0
WARNE.						<i>Cr.</i>		
July	14	By Cash				200	0	0

LEDGER (Open).

<i>Dr.</i>			ROBERT		
1870			£	s	d
July	7	To Cash	125	0	0
<i>Dr.</i>			EDWARD		
July	12	To Bills Receivable	34	13	6
	18	„ Cash	10	4	3
<i>Dr.</i>			CASH		
June	25	To Stock	357	12	6
	27	„ John Smith	70	10	8
	29	„ Goods	17	10	0
July	14	„ Henry Warne	200	0	0
	15	„ John Smith	40	0	0
	21	„ Sundries	70	2	8
	24	„ Goods	100	0	0
	25	„ John Smith	59	5	0
	27	„ Bills Receivable	78	5	0
<i>Dr.</i>			BILLS		
June	25	To Stock	34	13	6
July	2	„ W. Moore & Co.	112	0	0
	25	„ John Smith	78	11	6
<i>Dr.</i>			BILLS		
July	12	To Cash	83	9	6
<i>Dr.</i>			GOODS		
June	25	To Stock	959	8	0
	27	„ Adam West	43	14	0
July	11	„ Edward Sill	44	17	9
<i>Dr.</i>			PROFIT		
July	25	To John Smith	0	15	0
	27	„ Bills Receivable	0	6	6

LEDGER (Open).

FELL.				Cr.		
1870				£	s	d
July	21	By Cash		70	0	0
SILL.				Cr.		
July	11	By Goods		44	17	9
ACCOUNT.				Cr.		
June	30	By Adam West		20	0	0
July	7	„ Robert Fell		125	0	0
	9	„ Mark Jones		60	0	0
	12	„ Bills Payable		83	9	6
	18	„ Edward Sill		10	4	3
RECEIVABLE.				Cr.		
July	12	By Edward Sill		34	13	6
	27	„ Sundries		78	11	6
PAYABLE.				Cr.		
June	25	By Stock		83	9	6
July	1	„ Adam West		23	14	0
ACCOUNT.				Cr.		
June	28	By W. Moore & Co.		112	0	0
	29	„ Cash		17	10	0
July	4	„ Henry Warne		262	0	0
	9	„ Mark Jones		10	11	6
	16	„ John Smith		121	11	6
	24	„ Sundries		159	0	0
& LOSS.				Cr.		
July	21	By Cash		0	2	8

22. The Ledger, as presented above, consists of what are called *Open Accounts*—that is, Accounts open to the insertion of additional entries. But now, as all the Journal has been posted, let us suppose that the Accounts are to be closed, as is done yearly or half-yearly by merchants, in order to ascertain the results of the business, and to make a fresh opening of Accounts. The first thing we should do, is to test the arithmetical accuracy of the Ledger postings by means of what is called a *Trial Balance*—that is, a comparison of the total of the several *Dr.* amounts in the Ledger with that of the several *Cr.* amounts. These totals will agree if the posting has been done correctly, and will correspond with the totals of the Journal.

The following is a Trial Balance of the preceding open Ledger :—*

TRIAL BALANCE.

	<i>Drs.</i>			<i>Crs.</i>		
	£	s	d	£	s	d
Stock Account	193	4	6	1479	4	8
John Smith	249	2	2	249	2	2
Mark Jones	70	11	6	109	15	0
Adam West	43	14	0	43	14	0
W. Moore & Co.	171	0	0	112	0	0
Henry Warne	262	0	0	200	0	0
Robert Fell	125	0	0	70	0	0
Edward Sill	44	17	9	44	17	9
Cash	993	5	10	288	13	9
Bills Receivable	225	5	0	113	5	0
Bills Payable	83	9	6	107	3	6
Goods	1047	19	9	682	13	0
Profit & Loss	1	1	6	0	2	8
	3510	11	6	3510	11	6

23. The above Trial Balance showing that the Ledger has been correctly posted from the Journal, the Ledger is now to

* When the student has learned to make a Trial Balance, let him work 'Progressive Exercises,' 10, 11.

be closed to July 27, as on pp. 26–33, the process being as follows:—

First, let the Personal Accounts be successively examined, to ascertain how much one side wants of being equal to the other; and make an entry of *To*, or *By*, *Balance* for the amount necessary to equalise them.

Proceeding thus, we find that the Account 'John Smith' wants no balancing entry, the two sides being already equal; that the Account 'Mark Jones' wants to be debited with a balance of £39 3s. 6d.; and so with the remaining Personal Accounts; so also with the Cash and Bills Accounts.

Note.—Let the student observe that by debiting Mark Jones with £39 3s. 6d., I do not mean that he has received from me that value. I am about to open a fresh Account under the title 'Mark Jones,' in which Account I shall *credit* him with the above balance; and to indicate this, it will be seen that under his closed Account, on the creditor side, I *bring down* that balance, and it is *to the Balance credited in the new Account* that I make him *Dr.*, in order to close *the old Account*. The Balances in the other old Accounts are explained in the same way.

In 'Goods Account,' before proceeding to equalise the *Dr.* and *Cr.* sides, I have to ascertain what amount of Goods there is on hand, and to credit that as the Balance. By examination of the Waste Book, the Goods on hand are found to be as follows:—

			£	s.
<i>Port:</i>	9— 2— 2	=5 pipes @ £50	250	0
<i>Sherry:</i>	10— 3— 2— 3	=2 butts @ £46	92	0
<i>Brandy:</i>	52+46—15—9—6—10=58 gal.	@ 19/	55	2
<i>Rum:</i>	57— 5	=52 gal. @ 15/9	40	19
Goods on hand valued at prime cost* . . .			438	1

* The actual value of Goods on hand is not always determined in the above way. It is customary with merchants to examine the Goods themselves, and to estimate their market value at the time of thus *taking stock*, as it is called.

Then, since the *Cr.* side of Goods Account shows the amounts for which I have sold goods, together with the worth of the goods on hand, and the *Dr.* side shows the amounts for which I have bought goods, the difference of *Dr.* and *Cr.* sides must be my Profit or Loss on goods, according as the *Dr.* side is less than the *Cr.*, or reversely. In the present instance, we have *Goods Dr. to Profit & Loss* for a gain of £72 14s. 8d., which entry being made, the two sides of the Account are equalised. But let the student observe that this last item must be represented by *Double Entry*; and accordingly, reading it inversely as *Profit & Loss Cr. by Goods*, we insert it in that form in Profit & Loss Account.

And now, leaving the Profit & Loss Account open, we must provide for a *Double Entry* of all the Balances which we have inserted, for as yet they appear only once in the Accounts. We conclude the Ledger, therefore, with a *Balance Account*, and enter in it equivalent inversions of 'Mark Jones *Dr. to Balance*,' 'W. Moore & Co. *Cr. by Balance*,' &c.—that is, *Balance Cr. by Mark Jones, Balance Dr. to W. Moore & Co., &c.*

Now this *Balance Account* contains on the *Dr.* side all the Balances in my favour, and on the *Cr.* side all those against me; so that by totalling the two sides, and finding in this instance the *Dr.* side to preponderate by £1357 15s. 7d., I enter that difference on the *Cr.* side, as *Balance Cr. by Stock*, for my nett capital.

Then I total the two sides of Profit & Loss Account, and find that the items on the *Cr.* side preponderate by £71 15s. 5d. in my favour; and I enter that difference on the *Dr.* side as *Profit & Loss Dr. to Stock* for my nett gain.

Lastly, the closing entries which have just been made in Balance Account and Profit & Loss Account being 'Balance *Cr. by Stock*' and 'Profit & Loss *Dr. to Stock*,' I must invert these for *Double Entry*, and insert them also in Stock Account, as *Stock Dr. to Balance* and *Cr. by Profit & Loss*. I then total the two sides of Stock Account, and, finding them

agree, I conclude that there has been no mistake in my Books. Thus I find that my original capital, £1286 0s. 2d., has been raised to £1357 15s. 7d. by means of a nett total profit of £71 15s. 5d.

The student, then, is to bear in mind, that to the Balance Account are transferred from other Ledger Accounts all Balances that represent capital, such as those of Personal Accounts and the balancing values of Goods, Cash, Bills, and other property in hand; that the Profit & Loss Account, besides its postings from the Journal, receives from other Ledger Accounts all equalising differences that represent gain or loss; and that when the Balance and Profit & Loss Accounts are closed, their equalising entries are transferred to the Account which is to be last closed, viz. to Stock Account, which transfers will serve to close it, if errors have been avoided.

It is, moreover, expedient that the student should distinctly understand why it is that the insertions now made in Stock Account ought to equalise the two sides of that Account. Let it be observed, then, that the open Stock Account in the Ledger contains on its *Dr.* side all my original liabilities, and on its *Cr.* side all my original Assets, so that *the Cr. side preponderates by the amount of my nett original capital.* If therefore I now enter on the *Dr.* side the amount of closing capital (which consists of the original capital and acquired gain), and on the *Cr.* side the acquired gain, of which entries *the Dr. preponderates by the amount of my nett original capital,* the two sides of the Account must be equal. The demonstration would be similar if the comparison of the two sides of Profit & Loss Account showed a nett loss; or if the comparison of the two sides of Stock Account showed an amount of deficiency or insolvency—that is, an excess of Liabilities over Assets.

LEDGER (Balanced and Closed).

<i>Dr.</i>		STOCK			
1870			£	s	d
June	25	To Sundries	193	4	6
July	27	„ Balance carried down	1357	15	7
			<hr/> 1551	<hr/> 0	<hr/> 1
			<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Dr.</i>		JOHN			
June	25	To Stock	127	10	8
July	16	„ Goods	121	11	6
			249	2	2

Dr.		MARK			
July	9	To Sundries	70	11	6
	27	„ Balance carried down	39	3	6
			109	15	0

<i>Dr.</i>		ADAM			
June	30	To Cash	20	0	0
July	1	„ Bills Payable	23	14	0
			43	14	0

LEDGER (Balanced and Closed).

ACCOUNT

Cr.

1870			£	s	d
June	25	By Sundries	1479	4	8
July	27	„ Profit & Loss	71	15	5
			1551	0	1
July	27	By Balance brought down . . .	1357	15	7

SMITH.

Cr.

June	27	By Cash	70	10	8
July	15	„ do.	40	0	0
	25	„ Sundries	138	11	6
			249	2	2

JONES.

Cr.

June	25	By Stock	109	15	0
			109	15	0
July	27	By Balance brought down . . .	39	3	6

WEST.

Cr.

June	27	By Goods	43	14	0
			43	14	0

LEDGER.

<i>Dr.</i>		W. MOORE			
1870			£	s	d
June	28	To Goods	112	0	0
July	24	„ do.	59	0	0
			171	0	0
July	27	To Balance brought down . .	59	0	0

<i>Dr.</i>		HENRY			
July	4	To Goods	232	0	0
			262	0	0
July	27	To Balance brought down .	62	0	0

<i>Dr.</i>		ROBERT			
July	7	To Cash	125	0	0
			125	0	0
July	27	To Balance brought down . .	55	0	0

<i>Dr.</i>		EDWARD			
July	12	To Bills Receivable	34	13	6
	18	„ Cash	10	4	3
			44	17	9

LEDGER.

& CO.

Cr.

1870				£	s	d
July	2	By Bills Receivable		112	0	0
	27	„ Balance carried down		59	0	0
				171	0	0

WARNE.

Cr.

July	14	By Cash	200	0	0
	27	„ Balance carried down	62	0	0
			262	0	0

FELL.

Cr.

July	21	By Cash	70	0	0
	27	„ Balance carried down	55	0	0
			125	0	0

SILL.

Cr.

July	11	By Goods	44	17	9
			44	17	9

LEDGER.

Dr.		CASH			
1870			£	s	d
June	25	To Stock	357	12	6
	27	„ John Smith	70	10	8
	29	„ Goods	17	10	0
July	14	„ Henry Warne	200	0	0
	15	„ John Smith	40	0	0
	21	„ Sundries	70	2	8
	24	„ Goods	100	0	0
	25	„ John Smith	59	5	0
	27	„ Bills Receivable	78	5	0
			993	5	10
July	27	To Balance brought down	694	12	1

<i>Dr.</i>		BILLS			
1870					
June	25	To Stock	34	13	6
July	2	„ W. Moore & Co.	112	0	0
	25	„ John Smith ,	78	11	6
			225	5	0
July	27	To Balance brought down . . .	112	0	0

Dr.		BILLS			
July	12	To Cash	83	9	6
	27	„ Balance carried down. . . .	23	14	0
			117	3	6

LEDGER.

ACCOUNT.

Cr.

1870			£	s	d
June	30	By Adam West	20	0	0
July	7	„ Robert Fell	125	0	0
	9	„ Mark Jones	60	0	0
	12	„ Bills Payable	83	9	6
	18	„ Edward Sill	10	4	3
	27	„ Balance carried down	694	12	1
			993	5	10

RECEIVABLE.

Cr.

1870					
July	12	By Edward Sill	34	13	6
	27	„ Sundries	78	11	6
	„	„ Balance carried down	112	0	0
			225	5	0

PAYABLE.

Cr.

June	25	By Stock	83	9	6
July	1	„ Adam West	23	14	0
			117	3	6
July	27	By Balance brought down	23	14	0

LEDGER

Dr.		GOODS			
1870			£	s	d
June	25	To Stock	959	8	0
	27	„ Adam West	43	14	0
July	11	„ Edward Sill	44	17	9
	27	„ Profit & Loss	72	14	3
			1120	14	0
July	27	To Balance brought down . . .	438	1	0

Dr.		PROFIT			
July	25	To John Smith	0	15	0
	27	„ Bills Receivable	0	6	6
	„	„ Stock for nett Profit	71	15	5
			72	16	11

Dr.		BALANCE			
July	27	To W. Moore & Co.	59	0	0
	"	" Henry Warne	62	0	0
	"	" Robert Fell	55	0	0
	"	" Cash	694	12	1
	"	" Bills Receivable	112	0	0
	"	" Goods	438	1	0
			1420	13	1

The above Balance Account, being a collection of *the equalising entries*, does not properly present my Assets and Liabilities, and is not to be confounded with what is called a *Balance Sheet*. The latter is drawn from the open *Balances*,

LEDGER.

ACCOUNT.			Cr.		
1870			£	s	d
June	28	By W. Moore & Co.	112	0	0
	29	„ Cash	17	10	0
July	4	„ Henry Warne	262	0	0
	9	„ Mark Jones	10	11	6
	16	„ John Smith	121	11	6
	24	„ Sundries	159	0	0
	27	„ Balance carried down	438	1	0
			1120	14	0

& LOSS.			Cr.		
July	21	By Cash	0	2	8
	27	„ Goods	72	14	3
			72	16	11

ACCOUNT.			Cr.		
July	27	By Mark Jones	39	3	6
	„	„ Bills Payable	23	14	0
	„	„ Stock for nett Capital	1357	15	7
			1420	13	1

as brought down under the closed Accounts, and will, of course, reverse each of the above equalising entries, as follows:—

BALANCE SHEET.

<i>Dr.</i>		LIABILITIES.			
1870			<i>£</i>	<i>s</i>	<i>d</i>
July	27	To Mark Jones	39	3	6
	"	" Bill Payable	23	14	0
	"	" Wett Capital	1357	15	7
			1420	13	1

The above Balance Sheet represents me, or represents Stock, as *Cr.* by Assets amounting to £1420 13s. 1d., and as *Dr.* to Liabilities amounting to £62 17s. 6d., the difference of these being, of course, the amount of my nett Capital on July 27.

24. We must assume, at this stage, that the student understands how to make Ledger postings from a Journal; but we cannot assume that he is yet capable of Journalising affairs and transactions of every kind. We will, therefore, now direct his attention to some further varieties.

Suppose the following to be the particulars of my Assets and Liabilities at the beginning of the year:—

		<i>Assets.</i>	£	s	d
1870					
Jan. 1		Balance of Cash at Office	53	17	6
	"	Balance at Bank	927	15	0
	"	Goods on hand	865	14	8
	"	Ship 'Ada'	2500	0	0
	"	Bills Receivable:			
		No. 15, J. Biggs on W. Hay, due March 3	137	16	0
		No. 18, Self on H. Frost, due March 24	49	9	6
	"	J. Biggs	76	10	4
		<i>Liabilities.</i>			
Jan. 1		I owe J. Drew, for Warehouse Rent	25	0	0
	"	W. Hay	275	12	9

BALANCE SHEET.

		ASSETS.		Cr.		
1870				£	s	d
July	27	By W. Moore & Co.		59	0	0
	"	" Henry Warne		62	0	0
	"	" Robert Fell		55	0	0
	"	" Cash		694	12	1
	"	" Bill Receivable		112	0	0
	"	" Goods		438	1	0
				1420	13	1

Suppose the following to be some of my subsequent transactions, including all that occurred on account of Ship 'Ada' up to Midsummer :—

1870		£	s	d
Jan. 29	Cash paid on a/c of Ship 'Ada' . . .	7	0	0
Feb. 12	Remitted to W. Hay his Acceptance, No. 15, allowing discount 7s. 3d.			
"	Paid W. Hay, by cheque . . .	138	4	0
14	Paid J. Drew on a/c of Rent . . .	25	0	0
16	Paid, by cheque, cost of repairs of the ship 'Ada' . . .	105	0	0
26	Cash paid on a/c of Ship 'Ada' . . .	6	0	0
Mar. 24	H. Frost's Bill, due this day, dishonoured. Paid Cash for expenses of Noting, &c., 13s.	50	2	6
26	Paid Cash on a/c of Ship 'Ada' . . .	8	0	0
April 2	Paid J. Drew, Warehouse Rent . . .	25	0	0
23	Paid Cash on a/c of Ship 'Ada' . . .	7	0	0
"	Received of H. Frost payment of his dis- honoured Bill, with Noting expenses and interest . . .	50	6	8
May 21	Paid Cash on a/c of Ship 'Ada' . . .	5	0	0
June 18	" " . . .	8	0	0
25	" " . . .	4	0	0
"	Amount of Cash received for Freight per Ship 'Ada' during the half year . . .	240	0	0
"	Value of Ship 'Ada' at this date . . .	2400	0	0

Now, let it be required (i) to Journalise the above affairs and transactions, and (ii) to write out the Account *Ship 'Ada'* as it would appear in the Ledger if balanced and closed on June 25.

The Journal entries are as follows :—

JOURNAL.		Drs.			Crs.		
		£	s	d	£	s	d
1870							
Jan. 1	Cash	53	17	6			
	Bank	927	15	0			
	Goods	865	14	8			
	Ship 'Ada'	2500	0	0			
	Bills Receivable	187	5	6			
	J. Biggs	76	10	4			
	To Stock				4611	3	0
	Stock	300	12	9			
	To J. Drew				25	0	0
	„ W. Hay				275	12	9
29	Ship 'Ada'	7	0	0			
	To Cash				7	0	0
Feb. 12	W. Hay	275	12	9			
	Profit & Loss	0	7	3			
	To Bills Receivable				137	16	0
	„ Bank				138	4	0
14	J. Drew	25	0	0			
	To Cash				25	0	0
16	Ship 'Ada'	105	0	0			
	To Bank				105	0	0
26	Ship 'Ada'	6	0	0			
	To Cash				6	0	0
Mar. 24	H. Frost	50	2	6			
	To Bills Receivable				49	9	6
	„ Cash				0	13	0
26	Ship 'Ada'	8	0	0			
	To Cash				8	0	0
April 2	Profit & Loss	25	0	0			
	To Cash				25	0	0
23	Ship 'Ada'	7	0	0			
	To Cash				7	0	0

JOURNAL.

Drs.

Crs.

1870		£	s	d	£	s	d
April 23	Cash	50	6	8			
	To H. Frost				50	2	6
	„ Profit & Loss				0	4	2
May 21	Ship 'Ada'	5	0	0			
	To Cash				5	0	0
June 18	Ship 'Ada'	8	0	0			
	To Cash				8	0	0
25	Ship 'Ada'	4	0	0			
	To Cash				4	0	0
„	Cash	240	0	0			
	To Ship 'Ada'				240	0	0

In explanation of some parts of the foregoing Journal, it should be observed, that on February 12 I paid away an Acceptance and a Cheque on my Bankers, together amounting to £276, with part of which amount, viz. 7s. 3d., I debit Loss, or allow it to be due by me to reduce the Bill to its present value, and with the rest I debit W. Hay. Next, it should be observed, that though the name J. Drew got into my Books through the circumstance that Rent was owing to him when the old Ledger was closed, the payment of Rent on April 2 is to be treated simply as Cash going out against the general Profits coming in. Then, H. Frost's failing to pay his Bill on March 24 reverses the original entry of Bill *Dr.* to Frost, and makes him *Dr.* to Bill, and *Dr.* also to Cash for expense of noting, or transmitting notice of dishonour,* in order to secure my interest in the Bill. It is seen that he redeems his

* When acceptance of a bill is refused, on its being presented for acceptance, or when payment of it, on its being presented at maturity, is refused by the acceptor, the holder cannot sue the drawer or indorsers of the bill, unless they each of them receive within a certain time *notice of dishonour*. The notice may be as follows: *Your draft upon M. N., accepted by him, has been duly presented for payment, and lies here due and unpaid; or thus: Your bill is returned dishonoured.*

Bill on April 23, paying a month's interest, 4s. 2d., for postponement.

We now proceed to present the Ledger Account *Ship 'Ada,'* balanced and closed. This is a Property Account, and treated just like a Goods Account, the Balance being the estimated value of the Ship, just as the Balance in a Goods Account is the estimated value of Goods on hand. In totalling both sides, we find that the *Dr.* side, containing the cost and expenses of the Ship, preponderates, and shows a nett loss of £10 on the Ship.

<i>Dr.</i>		SHIP 'ADA.'		<i>Cr.</i>	
Jan. 1	To Stock . .	£2500	June 25	By Cash	£240
" 29	" Cash . .	7	"	" Profit & Loss	10
Feb. 16	" Bank . .	105	"	" Balance	
" 26	" Cash . .	6	"	" carried down	2400
Mar. 26	" do. . .	8			
Apr. 23	" do. . .	7			
May 21	" do. . .	5			
June 18	" do. . .	8			
" 25	" do. . .	4			
		<u>£2650</u>			<u>£2650</u>
June 25	To Balance brought down	£2400			

The equal totals of the *Dr.* and *Cr.* sides of a closed Ledger Account being always written horizontally opposite each other, there is often a considerable blank space under the last entry of one of the sides, like that on the *Cr.* side of the preceding Account. Such space is usually traversed by an angular line, as represented above, to indicate that no entries have been omitted.*

25. Notwithstanding the introduction of a Cash Account in the Ledger, all merchants keep a separate Book called the Cash Book: which is a record, in order of time, and in Ledger form, of all the sums of money received into the business,

* The student before proceeding farther in this Treatise, should work Nos. 12, 13, of 'Progressive Exercises.'

and of all the sums of money paid out of it. Usually, it is balanced at the end of each month; and very often it contains, on each side, separate columns for Bank and Home Cash. We will now present a set of Waste Book records, and show how a Cash Book may be compiled from them, nothing being supposed to be omitted during the given period that ought to be entered in the Cash Book.

Waste Book Entries.

1870			£	s	d
Jan. 1	Balance of Cash at Bank		1620	0	0
"	Do. at Office		46	12	4
3	Paid J. Robb balance of his a/c		13	12	0
4	Received of R. Steele his Acceptance: No. 1, dated Jan. 3, at 2 months, due March 5, for balance of his a/c		208	17	6
6	Received of A. Fenn, amount due		60	15	6
10	Bought of James and Son: 6 pipes Port @ £42 £252 0 0 4 butts Sherry @ £53 212 0 0		464	0	0
"	Paid into Bank		60	0	0
16	Received of F. Potts on a/c		4	9	6
17	Paid W. Gray, amount due		32	3	10
"	Sold Phipps & Co.: 6 gallons Rum @ 16/6		4	19	0
18	Drew from Bank		40	0	0
27	C. Wilson's Acceptance, No. 28, due this day, paid at our Bankers		124	6	8
28	Paid M. Pratt by Cheque		163	11	6
31	Paid Clerk's Salary		27	10	0
"	Paid sundry Trade Charges		7	8	7
Feb. 2	Sold E. Mitchell: 9 gallons Brandy @ 27/6		12	7	6
5	Paid James & Son, by Cheque, on a/c		250	0	0
8	Sold, for Cash, to H. Smyth: 1 butt Sherry		60	0	0
12	Paid into Bank		50	0	0

From these entries we compile the following Cash Book, making a distinction between cash at Bank and cash at Office.

Dr.

CASH BOOK.

		Bank			Cash		
		£	s	d	£	s	d
1870							
Jan. 1	To Balance from December . .	1620	0	0	46	12	4
6	„ A. Fenn				60	15	6
10	„ Cash paid into Bank . .	60	0	0			
15	„ F. Potts				4	9	6
18	„ Bank, for Cash drawn out . .				40	0	0
27	„ Bill Receivable, No. 28, paid this day	124	6	8			
		1804	6	8	151	17	4
Feb. 1	To Balance from January . .	1600	15	2	11	2	11
8	„ Goods, 1 butt Sherry . .				60	0	0
12	„ Cash paid into Bank . .	50	0	0			

The *Dr.* side of the foregoing Cash Book is read Bank *Dr.* to Balance for £1620, Cash *Dr.* to Balance for £46 12s. 4d., Cash *Dr.* to A. Fenn for £60 15s. 6d., Bank *Dr.* to Cash for £60, and so forth; these being the Journal readings of the entries. Similarly, the *Cr.* side is read Cash *Cr.* by J. Robb for £13 12s., Cash *Cr.* by Bank for £60, Cash *Cr.* by W. Gray for £32 3s. 10d., Bank *Cr.* by Cash for £40, &c.; these being inversions of the Journal readings of the entries.

It will be seen that in the instances of the transfer of money from Bank to Office, or from Office to Bank, such transfer is recorded on both sides of the Book. Thus, on the 10th Jan. the £60 paid into Bank can be read either as Bank *Dr.* to Cash or as Cash *Cr.* by Bank, and accordingly is recorded in the Bank column on the *Dr.* side, and in the Cash column on the *Cr.* side. It may be remarked, however, that these transfer entries would be disregarded in compiling the Ledger *Cash* Account, when, as is very often the case, no Ledger *Bank* Account is kept—that is, when Cash at Bank and Cash at Office are both treated simply as Cash in the Ledger. We

CASH BOOK.

Cr.

		Bank			Cash		
		£	s	d	£	s	d
1870							
Jan. 3	By J. Robb				13	12	0
10	„ Bank, for Cash paid in				60	0	0
17	„ W. Gray				32	3	10
18	„ Cash drawn from Bank	40	0	0			
28	„ M. Pratt	163	11	6			
31	„ Profit & Loss, for Clerk's Salary . .				27	10	0
„	„ Do. for Trade Charges				7	8	7
„	„ Balance carried down	1600	15	2	11	2	11
		1804	6	8	151	17	4
		<hr/>			<hr/>		
Feb. 5	By James & Son	250	0	0			
12	„ Bank, for Cash paid in				50	0	0

will say something more on this subject by and by. In the meantime we wish the learner to get familiar with the structure of a Cash Book. Let him observe the manner of balancing the above Cash Book at the end of January, and reopening with the balance brought down at the beginning of February. And let him bear in mind that the *Dr.* side of a Cash Book can never be of less amount than the *Cr.* side, and is nearly always greater; because the *Dr.* side contains all the cash that I have, and the *Cr.* side all the cash that I pay, and it is impossible for me to pay more cash than I possess. If in the Bank columns of my Cash Book the *Cr.* side were greater than the *Dr.*, this would indicate that the Banker had allowed me to *overdraw*, and would not form a legitimate exception to the general fact that the credit side of a Cash Book is greater than the debit.

We will next construct a Cash Book with the same materials, but treating Cash at Bankers and Cash at Office as equivalent. In this, of course, we can make no reference to transfers between Bank and Office.

Dr. CASH BOOK.

1870			£	s.	d.
Jan.	1	To Balance from December . . .	1666	12	4
	6	„ A. Fenn	60	15	6
	15	„ F. Potts	4	9	6
	27	„ Bill Receivable, No. 23, paid this day	124	6	8
			1856	4	0
Feb.	1	To Balance from January . . .	1611	18	1
	8	„ Goods, 1 butt Sherry . . .	60	0	0

26.* A Waste Book is sometimes digested into five Books, and from thence posted into the Ledger, viz.: Invoice Book, Day or Sales Book, Cash Book, Bills Receivable Book, and Bills Payable Book.

The Invoice Book is for credit purchases, and the Day Book principally for credit sales; but the latter, when no Journal is kept, is allowed to receive entries of such transactions as do not strictly belong to the other subordinate Books.

But it is a more frequent and a more expedient practice to resolve the Waste Book into a *Bought Day Book*, for credit purchases, a *Sold Day Book*, for credit sales, a *Cash Book*, for cash transactions, a *Bills Receivable Book* and a *Bills Payable Book*, for descriptive particulars of Bills, and a *Journal*, for separate entries of such transactions as do not strictly belong to the other subordinate Books, as well as for collective entries of monthly totals from these Books. This scheme we proceed to exemplify by means of the following series of supposed affairs and transactions.

* Before proceeding farther, the student may work Nos. 14, 15, of the 'Progressive Exercises.'

WASTE BOOK (*continued*).

1870	<i>Transactions (continued).</i>	£	s	d
July 11	Accepted T. Scott's draft, No. 28, at 2 months, due Sept. 14, for . . .	250	0	0
"	Paid, by Cheque, the balance of his account, £54, less discount, 32s. 6d . . .	52	7	6
12	Bought of B. Brown : 14 cwt. Tea @ £14 15s.	206	10	0
13	Drew from Bank for private use	35	0	0
15	Discounted with my Bankers H. Tripp's Bill, No. 43, due July 25, allowing discount 5s.	178	6	9
16	Paid B. Brown	100	0	0
"	Paid my acceptance, No. 24, due this day.	83	7	3
18	Settled for balance of B. Brown's account by accepting his draft, No. 29, at 1 month, due August 20,* for £103 17s., he allowing discount 53s.	106	10	0
"	Received of G. Cape	40	0	0
19	Sold G. Cape : 9 cwt. Tea @ £15 10s.	139	10	0
21	Valued on G. Cape at his request, No. 44, at 2 months, due September 24 for amount of his debt £176 0 0 with interest from this date 1 9 4*	177	9	4
23	Received of Hart & Co. for the purchase of Goods on their account	500	0	0
"	Sold W. Birch : 15 cwt. Coffee @ 85s. £ 63 15 0 7 cwt. Tea @ £15 10s. 108 10 0	172	5	0
25	Sold D. Wise : 6 cwt. Tea @ £15 10s.	93	0	0
"	Paid Trade Charges	3	14	8
27	Bought for Cash, on a/c of Hart & Co., and forwarded to them, Goods amounting to Charging them for my Commission Paid Cash, shipping charges on the above	456 11	12 8	0 0
29	Sold G. Cape : 9 cwt. Coffee @ 85s.	38	5	0
31	Received of W. Birch	120	0	0
"	Paid Trade Charges	2	11	5
"	I have on hand : Coffee, £300 ; Tea, £131 10s.			

* The 21st being Sunday, the bill is due the day before.

Now, let it be required—

(i) To compile from these Waste Book records a Cash Book, with separate columns for Cash at Office, Cash at Bank, and Discount.

(ii) To compile from them a Bills Receivable and a Bills Payable Book.

(iii) To compile from them a Bought Day Book and a Sold Day Book, making Tea and Coffee separate titles of Account.

(iv) To compile from these five Books, and from what remains of the Waste Book as not having found a proper place in any of the five, a Journal, making Tea and Coffee distinct Accounts; also making Interest and Discount a single Account, Commission another, Trade Charges another.

(v) To post each of the Books thus compiled into a Ledger, which is to be balanced and closed.

We now proceed to show how all this may be done; and let the student make compilations for himself, though in a rough way, according to the following instructions, comparing his work, as he proceeds, with the forms of Answer which we shall subjoin.

First,—Prepare ruled forms of all the required Books.

Secondly,—Open the Journal with the Assets and Liabilities; and open the Cash Book with the Balances from June.

Thirdly,—Appropriate places in the Ledger for the Accounts '*Stock*,' '*G. Bell*,' '*B. Brown*,' '*T. Scott*,' '*W. Birch*,' '*G. Cape*,' '*Hart & Co.*,' '*D. Wise*,' '*Cash*,' '*Bills Receivable*,' '*Bills Payable*,' '*Coffee*,' and '*Tea*,' under their respective titles, and post into the first three and last five what the Journal statement of Assets and Liabilities supplies; not distinguishing Cash at Bankers from Cash at Office, the distinction being unnecessary in a Ledger, though expedient in a Cash Book.

Fourthly,—Postpone entering into the Ledger Accounts of *Cash*, *Bills*, *Coffee*, and *Tea*, any additional items from the

Cash Book, Bills Books, and Bought and Sold Day Books, as the said Ledger Accounts should be further supplied by monthly totals passed through the Journal.

Let the first transaction of July 5 be passed into the Bought Day Book, and thence into T. Scott's Ledger Account; then enter the second transaction in the Cash Book, as Cash and Discount *Dr.* to G. Bell, and thence into the Ledger Account 'G. Bell.' The transaction of the 6th, being a Cash sale, is not to be entered in the Sold Day Book; it is simply 'Cash *Dr.* to Coffee,' and is to be entered meanwhile in the Cash Book. Let the transaction of the 7th be recorded in the Cash Book, but take no notice of it in the Ledger, as it is not an instance of money *paid away*, and cannot affect the Ledger Cash Account.

By proceeding thus, the Accounts in the Ledger will be kept orderly as to date; though that is not essentially important: if it were disregarded, the posting of the Ledger might be reserved till the end of the month.

Fifthly,—When the student comes to the first transaction of the 18th, it will appear that 'B. Brown *Dr.* to Discount' must be recorded in the Journal, no other preliminary Book being proper for its entry; and the entry being necessary on account of the Bills Payable Book debiting Brown with 53*s.* less than the amount of his account.

Similarly, for the 21st July, G. Cape must be debited with Interest, that the excess of his Acceptance over his debt may be accounted for; and therefore we enter in the Journal 'Cape *Dr.* to Interest,' as no one of the other preliminary Books can properly record it.

And so, again, for the 25th, 27th, and 31st: the Journal must receive the respective entries, 'Trade Charges *Dr.* to Cash,' 'Hart & Co. *Dr.* to Commission,' and 'Trade Charges *Dr.* to Cash.'

Sixthly,—The Journal is now to be completed with monthly totals from Cash Book, Bills Books, and Bought and Sold Day Books; and thence the Ledger Accounts of Cash, Interest &

Discount, Bills, Coffee, and Tea are to be posted with what has not been already posted. But let it be observed that the totals from Cash Book transferred to Journal are to consist only of the total *Receipts* and *Payments*, excluding the Balances that were in hand at the beginning of the month, as being already Journalised, with the rest of the Assets, for Double Entry, and excluding also, by reason of explanation already given, the transfers between Office and Bank.

These instructions, with some further observations which we shall afterwards make respecting the Ledger, will, it is hoped, enable the student to understand the more complete method of Bookkeeping which we now submit to his study. He will see that the Journal is more descriptive than our previous examples of that Book, consisting of general head-entries, followed, in most instances, by a narration of details; and he will observe also that its entries after the 27th July are collections of the monthly totals from Cash Book, Bills Books, &c. successively; each of these entries requiring only one posting in the Ledger, as the corresponding *Drs.* or *Crs.* have been already posted.

The values of Coffee and Tea on hand at the end of the month are reserved to come in as the Balances of the Coffee and Tea Accounts in the Ledger.

Dr.

CASH BOOK.

		Disc.			Bank			Cash		
		£	s	d	£	s	d	£	s	d
1870										
July 1	To Balance from June . . .				385	14	6	23	17	0
5	„ G. Bell . . .	3	4	0				156	16	0
6	„ Coffee: 12 cwt. @ 85s. less 2½ % . . .							49	14	6
7	„ Cash paid into Bank . . .				200	0	0			
15	„ Bills Receivable, for No. 43, discounted this day . . .	0	5	0				178	1	9
18	„ G. Cape . . .							40	0	0
23	„ Hart & Co. for invest- ment on their a/c . . .							500	0	0
31	„ W. Birch . . .							120	0	0
		3	9	0	585	14	6	1068	9	3
Aug. 1	To Balance from July . . .				425	7	0	215	17	11

BILLS

No.	When Received	Of whom Received	By whom Drawn	On whom Drawn	In whose Favour
44	1870 July 22	G. Cape	Ourself	G. Cape	Our Order

BILLS

No.	When Accepted	Where Drawn	By whom Drawn	To whom Payable
28	1870 July 11	London	T. Scott	T. Scott
29	„ 18	London	B. Brown	B. Brown

CASH BOOK.

Cr.

		Disc.			Bank			Cash		
		£	s	d	£	s	d	£	s	d
1870										
July 7	By Bank, for Cash paid in .							200	0	0
9	„ B. Brown	2	5	0	73	0	0			
11	„ T. Scott	1	12	6	52	7	6			
13	„ Stock, withdrawn from capital				35	0	0			
16	„ B. Brown							100	0	0
„	„ Bills Payable, No. 24, due this day							83	7	3
25	„ Trade Charges							3	14	8
27	„ Hart & Co., for Goods bought on their a/c							462	18	0
31	„ Trade Charges							2	11	5
„	„ Balance carried down				425	7	0	215	17	11
		3	17	6	585	14	6	1068	9	3

RECEIVABLE.

Where Payable	Date of Bill	Term	Due	Amount			How disposed of
London	1870 July 21	2 months	1870 Sept. 24	£	s	d	
				177	9	4	

PAYABLE.

Where Payable	Date of Bill	Term	Due	Amount			To whom paid
London	1870 July 11	2 months	1870 Sept. 14	£	s	d	
London	„ 18	1 month	Aug. 20	250	0	0	
				103	17	0	
				353	17	0	

BOUGHT DAY BOOK.

		Coffee			Tea		
		£	s	d	£	s	d
1870 July 5	T. Scott: By 80 cwt. Coffee @ £ 3 16s.	304	0	0			
12	B. Brown: By 14 cwt. Tea @ £14 15s.				206	10	0
		304	0	0	206	10	0

SOLD DAY BOOK.

		Coffee			Tea		
		£	s	d	£	s	d
1870 July 9	G. Cape: To 18 cwt. Coffee @ £ 4 5s.	76	10	0			
19	G. Cape: To 9 cwt. Tea @ £15 10s.				139	10	0
23	W. Birch: To 15 cwt. Coffee @ £ 4 5s. „ 7 cwt. Tea @ 15 10	63	15	0	108	10	0
25	D. Wise: To 6 cwt Tea @ £15 10s.				93	0	0
29	G. Cape: To 9 cwt. Coffee @ £ 4 5s.	38	5	0			
		178	10	0	341	0	0

JOURNAL.

1870		£	s	d	£	s	d
July 1	SUNDRIES <i>Dr. to Stock:</i> For Assets at this date, viz. :— CASH BILLS RECEIVABLE G. BELL, balance due by him COFFEE TEA	409	11	6	1190	8	3
		178	6	9			
		160	0	0			
		196	0	0			
		246	10	0			
	STOCK <i>Dr. to Sundries:</i> For Liabilities at this date, viz. :— To B. Brown, balance due to him „ <i>Bill Payable</i>	158	12	3	75	5	0
					83	7	3
18	B. BROWN <i>Dr. to Discount:</i> For discount allowed by him	2	13	0	2	13	0
21	G. CAPE <i>Dr. to Interest:</i> For Interest allowed by him	1	9	4	1	9	4
25	TRADE CHARGES <i>Dr.</i> To Cash already posted :	3	14	8	3	14	8
27	HART & Co. <i>Dr. to Commission:</i> For my Commission on Purchase of Goods	11	8	0	11	8	0
31	TRADE CHARGES <i>Dr.</i> To Cash already posted :	2	11	5	2	11	5
	CASH <i>Dr.</i> To Sundries already posted : For Cash received this month, as per Cash Book	1044	12	3	1044	12	3
	Sundries already posted <i>Dr.</i> To Cash : For Cash paid this month, as per Cash Book	812	18	10	812	18	10
	<i>Carried forward</i>	3228	8	0	3228	8	0

JOURNAL.

1870		£	s	d	£	s	d
	<i>Brought forward</i>	3228	8	0	3228	8	0
July 31	INTEREST & DISCOUNT <i>Dr.</i> To Sundries already posted: For discount allowed by me this month, as per Cash Book	3	9	0	3	9	0
"	Sundries already posted <i>Dr.</i> To <i>Interest & Discount</i> : For discount received by me this month, as per Cash Book	3	17	6	3	17	6
"	BILLS RECEIVABLE <i>Dr.</i> To G. Cape, already posted: For his Acceptance received this month, as per Bills Receivable Book	177	9	4	177	9	4
"	Sundries already posted <i>Dr.</i> To <i>Bills Payable</i> : For Bills accepted by me this month, as per Bills Payable Book	353	17	0	353	17	0
	<i>Carried forward</i>	3767	0	10	3767	0	10

LEDGER.

<i>Dr.</i>		STOCK		
1870		£	s	d
July	1 To Sundries	158	12	3
	13 " Cash	35	0	0
	31 " Balance carried down	1054	3	3
		1247	15	6
<i>Dr.</i>		<i>G.</i>		
July	1 To Stock	160	0	0
		160	0	0

JOURNAL.

1870			£	s	d	£	s	d
July 31		<i>Brought forward</i>	3767	0	10	3767	0	10
	COFFEE	<i>Dr.</i>	304	0	0			
	To T. Scott, already posted :					304	0	0
	For credit purchase this month, as per Bought Book							
„	Sundries already posted	<i>Dr.</i>	178	10	0			
	To <i>Coffee</i> :					178	10	0
	For credit sales this month, as per Sold Book							
„	TEA	<i>Dr.</i>	206	10	0			
	To B. Brown, already posted :					206	10	0
	For credit purchase this month, as per Bought Book							
„	Sundries already posted	<i>Dr.</i>	341	0	0			
	To <i>Tea</i> :					341	0	0
	For credit sales this month, as per Sold Book							
	<i>Total of Journal Entries</i>		4797	0	10	4797	0	10

LEDGER.

ACCOUNT.			Cr.		
1870			£	s	d
July	1	By Sundries	1190	8	3
	31	„ Profit & Loss	57	7	3
			1247	15	6
Aug.	1	By Balance brought down	1054	3	3

BELL.			Cr.		
July	5	By Cash	156	16	0
	„	„ Discount	3	4	0
			160	0	0

LEDGER.

<i>Dr.</i>			<i>B.</i>		
			£	s	d
1870					
July	9	To Cash	73	0	0
	"	" Discount	2	5	0
	16	" Cash	100	0	0
	18	" Bills Payable.	103	17	0
	"	" Discount	2	13	0
			281	15	0

<i>Dr.</i>			<i>T.</i>		
			£	s	d
July	11	To Cash	52	7	6
	"	" Discount	1	12	6
	"	" Bills Payable	250	0	0
			304	0	0

<i>Dr.</i>			<i>W.</i>		
			£	s	d
July	23	To Coffee	63	15	0
	"	" Tea	108	10	0
			172	5	0
Aug.	1	To Balance brought down . . .	52	5	0

<i>Dr.</i>			<i>G.</i>		
			£	s	d
July	9	To Coffee	76	10	0
	19	" Tea	139	10	0
	21	" Interest.	1	9	4
	29	" Coffee	38	5	0
			255	14	4
Aug.	1	To Balance brought down . . .	38	5	0

LEDGER.

BROWN.

Cr.

1870			£	s	d
July	1	By Stock	75	5	0
	12	„ Tea	206	10	0
			281	15	0

SCOTT.

Cr.

July	5	By Coffee	304	0	0
			304	0	0

BIRCH.

Cr.

July			£	s	d
	31	By Cash	120	0	0
	„	„ Balance carried down	52	5	0
			172	5	0

CAPE.

Cr.

July	18	By Cash	40	0	0
	22	„ Bills Receivable	177	9	4
	31	„ Balance carried down	38	5	0
			255	14	4

LEDGER.

<i>Dr.</i>		HART		
1870				
July	27	To Cash	462	18 0
	"	" Commission	11	8 0
	31	" Balance carried down	25	14 0
			500	0 0

<i>Dr.</i>		<i>D.</i>		
July	25	To Tea	93	0 0
Aug.	1	To Balance brought down	93	0 0

<i>Dr.</i>		CASH		
July	1	To Stock	409	11 6
	31	" Sundries	1044	12 3
			1454	3 9
Aug.	1	To Balance brought down	641	4 11

<i>Dr.</i>		BILLS		
July	1	To Stock	178	6 9
	31	" G. Cape.	177	9 4
			355	16 1
Aug.	1	To Balance brought down	177	9 4

LEDGER.

& CO.

Cr.

1870 July	23	By Cash	500	0	0
			500	0	0
Aug.	1	By Balance brought down . .	25	14	0

WISE.

Cr.

July	31	By Balance carried down . .	93	0	0

ACCOUNT.

Cr.

July	31	By Sundries	812	18	10
"	"	" Balance carried down . .	641	4	11
			1454	3	9

RECEIVABLE.

Cr.

July	15	By Cash	178	1	9
"	"	" Discount	0	5	0
"	31	" Balance carried down . .	177	9	4
			355	16	1

LEDGER.

<i>Dr.</i>			BILLS		
1870			£	s	d
July	16	To Cash	83	7	3
	31	„ Balance carried down	353	17	0
			437	4	3

<i>Dr.</i>			COFFEE		
July	1	To Stock	196	0	0
	31	„ T. Scott.	304	0	0
	„	„ Profit & Loss , for Profit on Coffee	28	4	6
			528	4	6
Aug.	1	To Balance brought down	300	0	0

<i>Dr.</i>			TEA		
July	1	To Stock	246	10	0
	31	„ B. Brown	206	10	0
	„	„ Profit & Loss , for Profit on Tea .	19	10	0
			472	10	0
Aug.	1	To Balance brought down	131	10	0

<i>Dr.</i>			INTEREST		
July	31	To Sundries	3	9	0
	„	„ Profit & Loss , for balance in my favour	4	10	10
			7	19	10

LEDGER.

PAYABLE.

Cr.

1870			£	s	d
July	1	By Stock	83	7	3
	31	„ Sundries	353	17	0
			437	4	3
Aug.	1	By Balance brought down	353	17	0

ACCOUNT.

Cr.

July	6	By Cash	49	14	6
	31	„ Sundries	178	10	0
	„	„ Balance (Coffee on hand) carried down	300	0	0
			528	4	6

ACCOUNT.

Cr.

July	31	By Sundries	341	0	0
	„	„ Balance (Tea on hand) carried down	131	10	0
			472	10	0

& DISCOUNT.

Cr.

July	18	By B. Brown	2	13	0
	21	„ G. Cape	1	9	4
	31	„ Sundries	3	17	6
			7	19	10

LEDGER.

<i>Dr.</i>		COMMISSION			
1870			£	s	d
July	31	To Profit & Loss , for balance in my favour	11	8	0

<i>Dr.</i>		TRADE			
July	25	To Cash	3	14	8
	31	„ do.	2	11	5
			6	6	1

<i>Dr.</i>		PROFIT			
July	31	To Trade Charges	6	6	1
	„	„ Stock , for Total Nett Gain	57	7	3
			63	13	4

<i>Dr.</i>		BALANCE			
July	31	To G. Cape.	38	5	0
	”	” W. Birch	52	5	0
	”	” D. Wise	93	0	0
	”	” Cash	641	4	11
	”	” Bills Receivable	177	9	4
	”	” Coffee	300	0	0
	”	” Tea	131	10	0
			1433	14	3

LEDGER.

ACCOUNT.				Cr.		
1870				£	s	d
July	27	By Hart and Co.	. . . . .	11	8	0

CHARGES.			Cr.		
July	31	By Profit & Loss , for balance against me	6	6	1
			6	6	1

& LOSS.		Cr.			
July	31	By Coffee	28	4	6
	"	" Tea	19	10	0
	"	" Interest & Discount	4	10	10
	"	" Commission	11	8	0
			63	18	4

ACCOUNT.			Cr.		
July	31	By Hart & Co.	25	14	0
	"	" Bills Payable	353	17	0
	"	" Stock , for Total Nett Capital .	1054	3	3
			<u>1433</u>	<u>14</u>	<u>3</u>

NOTE.—It will be observed in the preceding Ledger that the Accounts Interest & Discount, Commission, and Trade Charges, which are subsidiary to the general Profit & Loss Account, have their balances transferred to that Account, and that the profits shown by the Coffee and Tea Accounts are also thus transferred. It now appears, from the general Account, that the nett result of my gains and expenses is a total gain of £57 7s. 3d., to be transferred to the Stock Account. Then the Balance Account shows that my total capital, or the excess of my assets over my liabilities, is £1054 3s. 3d., that sum being composed of my former capital of £996 16s. and the gain of £57 7s. 3d. Accordingly, as before explained (p. 25), when that total capital is transferred to the Stock Account, the amounts of the *Dr.* and *Cr.* sides of that Account should be equal.*

27. We will now return to the system of three Books, viz. Waste Book, Journal, and Ledger, exemplifying a further variety of transactions, and also a variety in the plan of the Journal, in order to acquaint the student with the Government Office form of that Book. In the last Journal we inserted under each date a general entry, followed by a narration of particulars; we will now again exemplify that method of Entry and Narration, as it is called. Moreover, as it is often required that for *every* entry in the Ledger there shall be a corresponding entry in the Journal, we will show how balancing and closing entries, which we have hitherto merely transferred from one part of the Ledger to another, may be made to pass through the Journal, as postings into the Ledger.

Let it be required, then, to compile from the following Waste Book a Journal in Government Office form, and a Ledger which is to be balanced and closed, and to have all its entries passed through the Journal.

* The student may now work 'Progressive Exercises' 16, 17, 18; observing that in Ex. 18 the occurrence of August 6 is to be regarded as an incoming of Cash to Stock, not as a profit arising from the business.

WASTE BOOK.

1870	<i>Assets.</i>	£	s	d
July 1	Cash at Office	76	4	10
	Do. at Bank	1706	11	6
	Bills Receivable:			
	No. 200, Self on J. Strong, due July 13	133	9	0
	No. 201, S. Heard on E. Beck, due July 23	95	18	6
	Wine: 57 pipes Port @ £60	3420	0	0
	„ 19 butts Sherry @ £54	1026	0	0
	Brandy: 11 hhds. @ £68	748	0	0
	G. Dent	152	14	8
	L. Moreton	18	7	10
	<i>Liabilities.</i>			
July 1	Bill Payable: No. 61, P. Braid, in favour of J. Strutt, due August 2	120	0	0
	P. Braid	163	16	8
	<i>Transactions.</i>			
July 2	Sold B. Willis 9 pipes Port @ £64	576	0	0
4	Sold J. Strutt 15 butts Sherry @ £57	855	0	0
„	Advanced to Petty Cash	10	0	0
5	Shipped, to order of H. Grant, and at his risk, 6 pipes Port @ £65	390	0	0
„	Paid cash for insurance of the above, @ 2½ %, for £400	10	0	0
„	Paid cash, shipping charges on the above	6	10	0
9	Sold for cash:			
	7 pipes Port @ £63	£441		
	2 hhds. Brandy @ £70	140		
„	Paid into Bank	600	0	0
10	Bought of Fenn & Co., 15 chests of Tea, each 70 lb., @ 1/10 per lb.	96	5	0
13	J. Strong has paid his Bill, due this day, at my Bankers'	133	9	0
15	Received from J. Troup, to be sold on his account, 5 puncheons of Rum, invoiced at £70	350	0	0
„	Paid cash for carriage of the above	1	18	6
„	Paid to Fenn & Co. S. Heard's Bill, due July 23	£95 18 6		
	and cash	0 6 6		
18	Consigned to F. Shaw, for sale on my account and risk, 18 pipes Port, valued @ £62 a pipe; and 6 hhds. Brandy, valued @ £70	1536	0	0
22	Received of G. Dent a cheque for	100	0	0

WASTE BOOK.

1870	Transactions (continued).	£	s	d
July 23	Paid to P. Braid:			
	G. Dent's cheque for £100 0 0			
	and my own cheque for 63 16 8	163	16	8
"	S. Heard's Bill, due this day, dishonoured.			
	Paid cash for noting the Bill, 5/	96	3	6
25	Bought of P. Braid:			
	12 pipes Port @ £58 £696			
	12 butts Sherry @ £54 648	1344	0	0
"	Sold to T. Drake 3 puncheons of Troup's Rum @ £75, for Bill at 1 month, No. 202, due August 27	225	0	0
26	Received of J. Strutt my Acceptance, No. 61, cancelled	120	0	0
"	J. Strutt has paid in to my Bank Account	500	0	0
"	Bought of Ford & Co.:			
	3 hhds. Brandy @ £65	195	0	0
"	Advanced to Petty Cash	5	0	0
27	Paid by cheque to Fenn & Co. on account of Heard's dishonoured Bill	95	18	6
"	Sold G. Dent 6 chests of Tea @ £6 15s.	40	10	0
"	Sold for Cash to N. Burt 2 puncheons of Troup's Rum @ £73 10s.	147	0	0
28	Paid J. Troup by cheque:	362	12	9
	viz. for Proceeds of his Consignment £370 1 6			
	less my Commission @ 2% 7 8 9			
"	Received of H. Grant & Co.:	414	12	6
	viz. on account of Goods shipped to his order £406 10 0			
	and my Commission @ 2% 8 2 6			
"	Received of S. Heard, on account of dishonoured Bill £96 3 6			
	with interest 0 5 0	96	8	6
"	Paid into Bank	650	0	0
"	Paid Ford and Co. by cheque	195	0	0
29	Received from F. Shaw Account Sales of Wine and Brandy, showing nett Proceeds due to me	1508	12	6
"	Paid by cheque to P. Braid	500	0	0
30	Received discount from Ford & Co.	4	17	6
"	Paid by cheque for Clerks' Salaries	37	10	0
"	Trade charges paid from Petty Cash to this date	11	15	3
"	Wrote off L. Moreton's balance, owing to me, as a bad debt	18	7	10

WASTE BOOK.

1870	Transactions (continued).	£	s	d
July 30	Wrote off from profits, against the risk of future bad debts, $1\frac{1}{2}$ per cent. on all sales to this date.	60	6	11
"	One month's interest on my capital of £7093 9s. 8d. @ 5% per annum . . .	29	11	1
"	Stock of Goods on hand:	3061	10	0
	29 pipes Port @ £60 £1740 0s.			
	16 butts Sherry @ £54 864 0			
	6 hhds. Brandy @ £66 10 399 0			
	9 chests Tea @ £ 6 10 58 10			

The above Waste Book contains a few items requiring some explanation before proceeding to the Journal.

There is, first, the distinction called *Petty Cash*. This, as a title of Account, represents the clerk who, as my substitute, is entrusted with sums of £10 or £5 from time to time for petty disbursements, and enters his transactions in a Book called the *Petty Cash Book*. From this Book the petty expenditure of the month is carried to the general *Cash Book*.

Next, the first occurrence on the 15th and the occurrence on the 18th are consignments. Respecting the first of these, it may be remarked that when Goods are consigned to me by another person—say J. Troup—to be sold by me on his account, the consignment is called in my Books *J. Troup's Account Goods*; but of course I will not debit myself with the value which *he* puts upon the goods, but only with the proceeds which I may realise by the sale of them. Accordingly, it will be seen that the Journal does not acknowledge the first mention of the consignment. For the occurrence of the 18th, which is an adventure on my part, and turns out to be a losing one, the proper title in my Books is *Consignment to F. Shaw*. It might have been called *Consignment per the 'Vesta,'* if that had been the name of a ship in which the goods were sent; or *Consignment to Hamburgh*, if that had been the place of their destination.

On the subject of *bad debts*, to which two items of the 30th have reference, Cory, in his 'Practical Treatise on Accounts,' urges the necessity of removing them from the Ledger. 'Unless this is done,' he says, 'they are included in the Stock, and make the annual profits appear larger than they are. Their removal is effected by opening a Bad Debt Account, which is a branch of the Profit & Loss, and carrying every bad or doubtful debt to its debit side, and crediting it with all compositions and debts unexpectedly recovered. It is also advisable to make an allowance for bad debts, which may be effected by debiting the amount of all the *sales* with a percentage of 2 or 3 per cent. for bad debts, and crediting the Bad Debt Account with the same sum.'

As regards the interest with which it will be seen the capital is charged in the present instance, it should be observed that it is a frequent practice with merchants to reckon as *trade* profit that which they gain *in excess of interest*; for interest is not properly *gain*, but simply the worth of money itself.

In the following Journal we have not made Wine, Brandy, &c. separate Accounts, but, for economy of space, have included them in one general title of *Goods*. For the same reason we have not introduced Accounts in name of Commission, Trade Charges, and other branches of Profit & Loss. The student will notice that the entries in the Government Office form are between the *Dr.* and *Cr.* columns. The columns headed 'L. F.'—that is, *Ledger Folio*—are for index numbers referring to those pages of the Ledger to which the entries are respectively posted.

JOURNAL.

Drs.			July 1870		Crs.			
£	s	d	L. F.	1st	L. F.	£	s	d
				SUNDRIES <i>Drs.</i> to STOCK :		7377	6	4
				For Balances of Closed Accounts, viz. :				
76	4	10		CASH at Office				
1706	11	6		BANK Account				
229	7	6		BILLS RECEIVABLE:				
				No. 200, self on J.				
				Strong, due July 13	£133	9	0	
				No. 201, S. Heard on				
				E. Beck, due July 23	95	18	6	
5194	0	0		GOODS: Stock in hand:				
				57 pipes Port @ £60	£3420			
				19 butts Sherry @ £54	1026			
				11 hhds. Brandy @ £68	748			
152	14	8		G. DENT				
18	7	10		L. MORETON				
283	16	8		"				
				STOCK <i>Dr.</i> to SUNDRIES:				
				For Balances of Closed Accounts, viz. :				
				To BILLS PAYABLE: No. 61, P. Braid		120	0	0
				in favour of J. Strutt, due August 2		163	16	8
				To P. BRAID				
				2nd				
576	0	0		B. WILLIS	<i>Dr.</i>	576	0	0
				For 9 pipes Port @ £64	To GOODS:			
				4th				
855	0	0		J. STRUTT	<i>Dr.</i>	855	0	0
				For 15 butts Sherry @ £57	To GOODS:			
				"				
10	0	0		PETTY CASH	<i>Dr.</i>	10	0	0
				For cash advanced	To CASH:			
				5th				
406	10	0		H. GRANT <i>Dr.</i> to SUNDRIES:				
				To GOODS: for 6 pipes Port @ £65		390	0	0
				shipped to his order				
				To CASH: for insurance of the above				
				@ 2½% on £400	£10	0	0	
				and shipping charges	6	10	0	
9508	13	0		Carried forward		9508	13	0

JOURNAL.

Drs.			July 1870		Crs.			
£	s	d	L. F.		L. F.	£	s	d
9508	13	0		9th		9508	13	0
581	0	0		<i>Brought forward</i>		581	0	0
				CASH	Dr.			
					To GOODS:			
				For 7 pipes Port @ £63	£441			
				„ 2 hhds Brandy @ £70	140			
600	0	0		BANK	Dr.	600	0	0
					To CASH:			
				For cash paid in				
96	5	0		10th		96	5	0
				GOODS	Dr.			
					To FENN & Co.:			
				For 15 chests of Tea, each 70 lb., @ 1/10 per lb.				
133	9	0		13th		133	9	0
				BANK	Dr.			
					To BILLS RECEIVABLE:			
				For J. Strong's Acceptance, duly honoured				
118	6			15th		118	6	
				J. TROUP'S ACCOUNT GOODS	Dr.			
					To CASH:			
				Paid for carriage of his consignment of 5 puncheons Rum				
96	5	0		18th		95	18	6
				FENN & Co. Dr. to SUNDRIES:		0	6	6
				To BILLS RECEIVABLE: S. Heard's Bill, due July 23				
				To CASH				
1536	0	0		22nd		1536	0	0
				CONSIGNMENT TO F. SHAW	Dr.			
					To GOODS:			
				For 18 pipes Port @ £62	£1116			
				„ 6 hhds. Brandy @ £70	420			
100	0	0		23rd		100	0	0
				CASH	Dr.			
					To G. DENT:			
163	16	8		23rd		100	0	0
				P. BRAID Dr. to SUNDRIES:		63	16	8
				To CASH				
				To BANK				
12817	7	2		<i>Carried forward</i>		12817	7	2

JOURNAL.

Drs.			July 1870		Crs.			
£	s	d	L. F.		L. F.	£	s	d
12817	7	2		23rd		12817	7	2
96	3	6		Brought forward				
				S. HEARD Dr. to SUNDRIES :				
				To FENN & Co., on account of Bill		95	18	6
				Receivable, due this day, dishonoured		0	5	0
				To CASH paid for noting the Bill				
				25th				
1344	0	0		GOODS	Dr.	1344	0	0
					To P. BRAID :			
				For 12 pipes Port @ £58	£696			
				„ 12 butts Sherry @ £54	648			
				26th				
225	0	0		BILLS RECEIVABLE	Dr.	225	0	0
				To J. TROUP'S ACCOUNT GOODS :				
				For 3 puncheons Rum, ex J. Troup's				
				Consignment, sold @ £75, for T.				
				Drake's Acceptance, due August 27				
				26th				
120	0	0		SUNDRIES Drs. to J. STRUTT :		620	0	0
				BILLS PAYABLE : for my Acceptance, No.				
				61, cancelled and remitted to me by				
				him				
500	0	0		BANK : for cash paid in by him to my				
				Account				
				27th				
195	0	0		GOODS	Dr.	195	0	0
					To FORD & Co. :			
				For 3 hhds. Brandy @ £65				
				28th				
5	0	0		PETTY CASH	Dr.	5	0	0
					To CASH :			
				For cash advanced				
				29th				
95	18	6		FENN & Co.	Dr.	95	18	6
					To BANK :			
				For cash due to them on account of S.				
				Heard's dishonoured Bill				
				30th				
40	10	0		G. DENT	Dr.	40	10	0
					To GOODS :			
				For 6 chests of Tea @ £6 15s.				
15438	19	2		Carried forward		15438	19	2

JOURNAL.

<i>Dr.</i>			July 1870			<i>Crs.</i>		
£	s	d	L. F.		L. F.	£	s	d
15438	19	2		27th		15438	19	2
147	0	0		<i>Brought forward</i>				
				CASH <i>Dr.</i>		147	0	0
				To J. TROUP'S ACCOUNT GOODS :				
				For 2 puncheons Rum, <i>ex</i> J. Troup's				
				Consignment, sold @ £73 10s.				
				28th				
370	1	6		J. TROUP'S A/c GOODS <i>Dr.</i> to SUNDRIES :				
				To BANK : for my payment to him of		362	12	9
				Nett Proceeds of his Consignment				
				To PROFIT & LOSS : for my Commission		7	8	9
				at 2%				
				"				
414	12	6		CASH <i>Dr.</i> to SUNDRIES :				
				To H. GRANT : for Wine shipped to		406	10	0
				his order				
				To PROFIT & LOSS : for my Commission		8	2	6
				on the above @ 2%				
				"				
96	8	6		CASH <i>Dr.</i> to SUNDRIES :				
				To S. HEARD on Account of his dis-		96	3	6
				honoured Bill		0	5	0
				To PROFIT & LOSS : for interest				
				"				
650	0	0		BANK <i>Dr.</i>		650	0	0
				To CASH :				
				For cash paid in				
				"				
195	0	0		FORD & Co. <i>Dr.</i>		195	0	0
				To BANK :				
				29th				
1508	12	6		F. SHAW <i>Dr.</i>		1508	12	6
				To CONSIGNMENT TO F. SHAW :				
				For Nett Proceeds of Consignment as				
				per Account Sales *				
				"				
500	0	0		P. BRAID <i>Dr.</i>		500	0	0
				To BANK :				
				30th				
4	17	6		CASH <i>Dr.</i>		4	17	6
				To PROFIT & LOSS :				
				For discount allowed by Ford & Co.				
19325	11	8		<i>Carried forward</i>		19325	11	8

* For the form of an *Account Sales* see the last page of 'Progressive Exercises.'

JOURNAL.

Drs.			July 1870			Crs.		
£	s	d	L. F.		L. F.	£	s	d
19325	11	8		30th		19325	11	8
49	5	3		<i>Brought forward</i>				
				PROFIT & LOSS <i>Dr.</i> to SUNDRIES:				
				To BANK: for Clerks' Salaries		37	10	0
				To PETTY CASH: for Trade Charges to this date		11	15	3
18	7	10		"				
				BAD DEBTS ACCOUNT <i>Dr.</i>		18	7	10
				To L. MORETON:				
				For Balance owing by him				
60	6	11		"				
				GOODS <i>Dr.</i>		60	6	11
				To BAD DEBTS ACCOUNT:				
				For 1½ per cent. on all Sales viz on £4023 2s. 6d., to be written off from profit for risk of future bad debts				
29	11	1		"				
				PROFIT & LOSS <i>Dr.</i>		29	11	1
				To STOCK:				
				For 1 month's interest, at 5 per cent. per annum, on my capital of £7093 9s. 8d.				
8073	17	10		"				
				Balance <i>Dr.</i> to <i>Sundries</i> :				
				To G. Dent		93	4	8
				" B. Willis		576	0	0
				" J. Strutt		235	0	0
				" F. Shaw		1508	12	6
				" Goods		3061	10	0
				" Cash		36	3	4
				" Petty Cash		3	4	9
				" Bank		2335	2	7
				" Bills Receivable		225	0	0
844	0	0		"				
7229	17	10		Sundries <i>Drs.</i> to Balance:		8073	17	10
				P. Braid				
				Stock, for nett Capital				
134	4	7		"				
				Profit & Loss <i>Dr.</i> to <i>Sundries</i> :				
				To Consignment to F. Shaw		27	7	6
				" Stock, for nett Gain		106	17	1
150	8	1		"				
41	19	1		Sundries <i>Drs.</i> to Profit & Loss:		192	7	2
				Goods				
				Bad Debts				
35957	10	2		Total Amount of Journal Entries		35957	10	2

NOTE.—The last four of the above Journalised forms comprehend the Balancing and Closing entries. The last two are supposed to be supplied to the Journal by a *Profit & Loss Sheet*, which we shall append to the Ledger, and are called *Closing* entries, because no debits or credits are *brought down* from them for the opening of new Accounts. The Balancing entries are supposed to come into the Journal through the

LEDGER.

Dr.			STOCK		
1870			£	s	d
July	1	To Sundries	283	16	8
	30	„ Balance carried down	7229	17	10
			7513	14	6
Dr.			G.		
July	1	To Stock	152	14	8
	27	„ Goods	40	10	0
			193	4	8
Aug.	1	To Balance brought down	93	4	8
Dr.			L.		
July	1	To Stock	18	7	10
Dr.			P.		
July	23	To Sundries	163	16	8
	29	„ Bank	500	0	0
	30	„ Balance	844	0	0
			1507	16	8

medium of another deduction from the Ledger, called a Balance Sheet, which we shall append also to the Ledger. This, however, states the Balances in the form in which they are to be *brought down under* their Accounts in the Ledger, and therefore has its items *reversed* in the Journal, that thence, they may be posted *into* those Accounts as *equalising entries*.

LEDGER.

ACCOUNT.			Cr.		
1870			£	s	d
July	1	By Sundries	7377	6	4
	30	„ Profit & Loss	29	11	1
	„	„ Profit & Loss	106	17	1
			7513	14	6
Aug.	1	By Balance brought down	7229	17	10

DENT.			Cr.		
July	22	By Cash	100	0	0
	30	„ Balance	93	4	8
			193	4	8

MORETON.			Cr.		
July	30	By Bad Debts	18	7	10

BRAID.			Cr.		
July	1	By Stock	163	16	8
	25	„ Goods	1344	0	0
			1507	16	8
Aug.	1	By Balance brought down	844	0	0

LEDGER.

<i>Dr.</i>			<i>B.</i>		
1870 July	2	To Goods	£ 576	s 0	d 0
Aug.	1	To Balance brought down . . .	576	0	0

<i>Dr.</i>			<i>J.</i>		
July	4	To Goods	855	0	0
			855	0	0
Aug.	1	To Balance brought down . . .	235	0	0

<i>Dr.</i>			<i>H.</i>		
July	5	To Sundries	406	10	0

<i>Dr.</i>			FENN		
July	15	To Sundries	96	5	0
	27	„ Bank	95	18	6
			192	3	6

<i>Dr.</i>			<i>S.</i>		
July	23	To Sundries	96	3	6

<i>Dr.</i>			FORD		
July	28	To Bank	195	0	0

LEDGER.

WILLIS.

Cr.

1870			£	s	d
July	30	By Balance carried down . . .	576	0	0

STRUTT.

Cr.

July	26	By Sundries	620	0	0
	30	„ Balance carried down	235	0	0
			855	0	0

GRANT.

Cr.

July	28	By Cash	406	10	0

& CO.

Cr.

July	10	By Goods	96	5	0
	23	„ S. Heard	95	18	6
			192	3	6

HEARD.

Cr.

July	28	By Cash	96	3	6

& CO.

Cr.

July	26	By Goods	195	0	0

LEDGER.

<i>Dr.</i>			<i>F.</i>		
1870			<i>£</i>	<i>s</i>	<i>d</i>
July	29	To Consignment to F. Shaw . . .	1508	12	6
Aug.	1	To Balance brought down . . .	1508	12	6

<i>Dr.</i>			J. TROUP'S		
July	15	To Cash	1	18	6
	28	„ Sundries	370	1	6
			372	0	0

<i>Dr.</i>			CONSIGNMENT		
July	18	To Goods	1536	0	0
			1536	0	0

<i>Dr.</i>			GOODS		
July	1	To Stock	5194	0	0
	10	„ Fenn & Co.	96	5	0
	25	„ P. Braid	1344	0	0
	26	„ Ford & Co.	195	0	0
	30	„ Bad Debts Account	60	6	11
	„	„ Profit & Loss, for Gain	150	8	1
			7040	0	0
Aug.	1	To Balance brought down	3061	10	0

LEDGER.

SHAW.

Cr.

1870				£	s	d
July	30	By Balance carried down	1508	12	6	

ACCOUNT GOODS.

Cr.

July	25	By Bills Receivable	225	0	0
	27	„ Cash	147	0	0
			372	0	0

TO F. SHAW.

Cr.

July	29	By F. Shaw	1508	12	6
	30	„ Profit & Loss, for Loss	27	7	6
			1536	0	0

ACCOUNT.

Cr.

July	2	By B. Willis	576	0	0
	4	„ J. Strutt	855	0	0
	5	„ H. Grant	390	0	0
	9	„ Cash	581	0	0
	18	„ Consignment to F. Shaw	1536	0	0
	27	„ G. Dent	40	10	0
	30	„ Balance, Goods on hand	3061	10	0
			7040	0	0

LEDGER.

<i>Dr.</i>			CASH		
1870			£	s	d
July	1	To Stock	76	4	10
	9	„ Goods	581	0	0
	22	„ G. Dent	100	0	0
	27	„ J. Troup's Account Goods	147	0	0
	28	„ Sundries	414	12	6
	„	„ do.	96	8	6
	30	„ Profit & Loss	4	17	6
			1420	3	4
Aug.	1	To Balance brought down	36	3	4

<i>Dr.</i>			PETTY		
July					
	4	To Cash	10	0	0
	26	„ do.	5	0	0
			15	0	0
Aug.	1	To Balance brought down	3	4	9

<i>Dr.</i>			BANK		
July					
	1	To Stock	1706	11	6
	9	„ Cash	600	0	0
	13	„ Bills Receivable	133	9	0
	26	„ J. Strutt	500	0	0
	28	„ Cash	650	0	0
			3590	0	6
Aug.	1	To Balance brought down	2335	2	7

LEDGER.

ACCOUNT.		Cr.		
		£	s	d
1870				
July	4	By Petty Cash	10	0 0
	5	" H. Grant	16	10 0
	9	" Bank	600	0 0
	15	" J. Troup's Account Goods	1	18 6
	"	" Fenn & Co.	0	6 6
	23	" P. Braid	100	0 0
	"	" S. Heard	0	5 0
	26	" Petty Cash	5	0 0
	28	" Bank	650	0 0
	30	" Balance carried down	36	3 4
		1420	3	4

CASH.		Cr.		
July	30	By Profit & Loss	11	15 3
	"	" Balance carried down	3	4 9
		15	0	0

ACCOUNT.		Cr.		
July	23	By P. Braid	63	16 8
	27	" Fenn & Co.	95	18 6
	28	" J. Troup's Account Goods	362	12 9
	"	" Ford & Co.	195	0 0
	29	" P. Braid	500	0 0
	30	" Profit & Loss	37	10 0
	"	" Balance carried down	2335	2 7
		3590	0	6

LEDGER.

<i>Dr.</i>		BILLS			
1870			£	s	d
July	1	To Stock	229	7	6
	25	„ J. Troup's Account Goods	225	0	0
			454	7	6
Aug.	1	To Balance brought down	225	0	0

<i>Dr.</i>					BILLS		
July	26	To J. Strutt	120	0	0		

Dr.		BAD			
July	30	To L. Moreton	18	7	10
	"	„ Profit & Loss	41	19	1
			60	6	11

<i>Dr.</i>		PROFIT			
July	30	To Sundries	49	5	3
	"	„ Stock	29	11	1
	"	„ Sundries	134	4	7
			213	0	11

<i>Dr.</i>		BALANCE			
July	30	To Sundries	8073	17	10

LEDGER.

RECEIVABLE.			Cr.		
1870			£	s	d
July	13	By Bank	133	9	0
	15	" Fenn & Co.	95	18	6
	30	" Balance carried down	225	0	0
			454	7	6

PAYABLE.			Cr.		
July	1	By Stock	120	0	0

DEBTS.			Cr.		
July	30	By Goods	60	6	11
			60	6	11

& LOSS.			Cr.		
July	28	By J. Troup's Account Goods	7	8	9
	"	" Cash	8	2	6
	"	" do.	0	5	0
	30	" do.	4	17	6
	"	" Sundries	192	7	2
			213	0	11

ACCOUNT.			Cr.		
July	30	By Sundries	8073	17	10

SHEET.

1870		ASSETS.	£	s	d	£	s	d
July	30	By 29 pipes Port @ £60 0s.	1740	0	0			
	"	" 16 butts Sherry @ 54 0	864	0	0			
	"	" 6 hhds. Brandy @ 66 10	399	0	0			
	"	" 9 chests Tea @ 6 10	58	10	0	3061	10	0
	"	Bill Receivable, T. Drake, No. 202, due Aug. 27				225	0	0
	"	" G. Dent	93	4	8			
	"	" B. Willis	576	0	0			
	"	" J. Strutt	235	0	0			
	"	" F. Shaw	1508	12	6	2412	17	2
	"	" Cash at Office	36	3	4			
	"	" Petty Cash	3	4	9			
	"	" Cash at Bank	2335	2	7	2374	10	8
						8073	17	10

SHEET.

1870			£	s	d	£	s	d
July	30	By amount already posted				20	13	9
	"	" Goods				150	8	1
	"	" Bad Debts				41	19	1
						213	0	11

of reference to the pages of other Books in which details are recorded. Personal Ledger Accounts are often extended in a detached form as Account States, or Accounts Current. Thus, suppose the following to be one of my Ledger Accounts:—

Dr.

ROBERT

1870			£	s	d
Jan.	4	To Cash	35	2	7
	5	„ Bills Payable	350	0	0
	11	„ Sundries	300	0	0
	„	„ Cash	33	12	9
Feb.	3	„ Bills Payable	800	0	0
Mar.	1	„ Cash	132	9	8
April	14	„ Bills Payable	800	0	0
May	10	„ Cash	47	13	11
June	7	„ Consignment per 'Bertha' . . .	975	2	7
	18	„ Consignment per 'Albert' . . .	1246	5	8
			<u>4720</u>	<u>7</u>	<u>2</u>
June	18	To Balance brought down	269	14	9

By reference to the Waste Book, it might perhaps be found that the details in relation to the above are as follows :—

1870			£	s	d
Jan.	1	Bought of Jacob Bell, Wine	1200	10	0
	3	Shipped to Robert Douglass, of Calcutta, per 'Bertha,' Capt. Jones, for sale on my account, the Wine purchased of Jacob Bell.			
	4	Paid Johnstone & Co. on account of Robert Douglass	35	2	7
	5	Accepted Bill drawn on me by Robert Douglass in favour of Coates & Co. .	350	0	0
	„	„ Handed to John Smith, in payment of my Account with him, a Draft on Robert Douglass	1300	5	4
	„	„ Paid shipping charges on Wine per 'Bertha'	33	13	7
	8	Drew Bill on Robert Douglass, and handed it to Jacob Bell, in part payment	500	0	0
	10	Received of Robert Douglass an Acceptance for	300	0	0
	11	Remitted to Robert Douglass, to discount the above	290	0	0
	„	„ Paid James Wilson, on account of Robert Douglass	33	12	9
	„	„ Received of Burnett & Co., Proceeds of Sale of Robert Douglass's Sugar, ex 'Farnborough'	849	17	1

Now suppose I (say, Arthur Mann) am required to prepare a statement of the Account between me and Robert Douglass, as it stands on June 18; that it may be assumed he will not

ROBERT DOUGLASS, *Calcutta*,

1870			£	s	d
Jan.	4	To Cash paid Johnstone & Co. . .	35	2	7
	5	„ His Draft, favour of Coates & Co. .	350	0	0
	11	„ Cash for his Acceptance discounted by me	290	0	0
	„	„ Discount allowed by him	10	0	0
	„	„ Cash paid James Wilson	33	12	9
Feb.	3	„ His Draft, favour of John Burnett	800	0	0
Mar.	1	„ Cash paid James Johnson	132	9	8
April	14	„ His Draft, favour of Sampson & Co.	800	0	0
May	10	„ Cash paid John Wilson & Co. . .	47	13	11
June	7	„ Proceeds of Wine, shipped per ‘Bertha’ for Calcutta, on Jan. 3	975	2	7
	18	„ Consignment of Brandy, shipped per ‘Albert’ for Calcutta, on April 8—Cost price	1246	5	8
			4720	7	2
June	18	To Balance due to Arthur Mann . .	269	14	9

29.* The composition of a Ledger Abstract forms a very useful species of Exercise in the procedure of Balancing and Closing Accounts. We will quote an Example from the Appendix to the Sixth Report of the Civil Service Commissioners:—

(i) The following amounts are the totals of certain of my Ledger Accounts:—In Stock Account, on *Dr.* side £507 3s. 4d.; and on *Cr.* side £3304 5s. 6d. In Merchandise Account, on *Dr.* side £96349 2s. 6d.; and on *Cr.* £94317 13s. 8d. In Profit & Loss Account, on *Dr.* side £1209 3s. 5d.; and on *Cr.* £304 10s. In Cash Account, on *Dr.* side £59212; and on *Cr.* £57004.

* Before proceeding further, the student may continue the working of the ‘Progressive Exercises,’ to No. 29, inclusive.

accept the Bill of April 10; and that the Brandy per 'Albert' is worth cost price: the following will answer the requirement.

in Account with ARTHUR MANN, London.

			£	s	d
1870					
Jan.	10	By an Acceptance received from him .	300	0	0
	11	„ Proceeds of sale of Sugar ex 'Farnborough' .	849	17	1
June	7	„ My Draft on him, dated Jan. 5, favour of John Smith .	1300	5	4
	„	„ My Drafts on him, dated Jan. 8 and 20, favour of Jacob Bell, together	1200	10	0
	17	„ His Draft, favour of Sampson & Co., due this day, not paid by me .	800	0	0
	18	„ Balance due to Arthur Mann .	269	14	9
			4720	7	2

The value of my Goods on hand is £5017 3s. 1d.; and the total of all amounts on the *Dr.* side of my Ledger is £481141 12s. 7d.

- Rule a Ledger, and make as many Accounts in it as are here referred to.
- State what is the total of all the amounts on the *Cr.* side of my Ledger.
- Enter into the Ledger Accounts the amounts above specified, as 'To' or 'By' 'Total to date;' and then close each Account as if at balancing.
- State whether I am solvent or insolvent, and by how much.

The answer to (b) is, that the total of all the amounts on

the *Cr.* side of the Ledger must be the same as that of all on the *Dr.* side, viz. £481141 12s. 7d.

The Ledger following this paragraph comprehends the answers to (a) and (c); and we will here explain how it is constructed. Having first ruled the four spaces for the several given Accounts, make the following entries:—In each Account, the given *Dr.* and *Cr.* totals; then in Merchandise Account, on the *Cr.* side, the Balance of goods on hand; then in Cash Account, on the *Cr.* side, the Balance of Cash in hand, as found by deducting the *Cr.* total from the *Dr.*; then in Merchandise Account, add the *Cr.* entries, from the sum deduct

LEDGER ABSTRACT (i).

<i>Dr.</i>		STOCK		
	To Total to date	£	s	d
	„ Balance, for Nett Capital	507	3	4
		4878	3	0
		5385	6	4

<i>Dr.</i>		MERCHANDISE		
	To Total to date	96349	2	6
	„ Profit & Loss, for Gain	2985	14	3
		99334	16	9

<i>Dr.</i>		CASH		
	To Total to date	59212	0	0
		59212	0	0

the *Dr.* entry, and enter the remainder on the *Dr.* side as the Gain on Goods; transfer this entry to the Profit and Loss Account; add the *Cr.* entries of that Account, and from the sum deduct its *Dr.* entry, which will give the Nett Gain, as a closing entry for the *Dr.* side, to be thence transferred to Stock Account. The *Cr.* entries of Stock Account being now added, the difference between the sum and the *Dr.* entry will give the Balance for Nett Capital; and that Balance supplies the answer to (*d*), viz.—that the owner of the Book is solvent by £4878 3s. of free capital.

LEDGER ABSTRACT (i).

ACCOUNT.

Cr.

	£	s	d
By Total to date	3304	5	6
„ Profit & Loss, for Nett Gain	2081	0	10
	5385	6	4

ACCOUNT.

Cr.

By Total to date	94317	13	8
„ Balance, for Goods on hand	5017	3	1
	99334	16	9

ACCOUNT.

Cr.

By Total to date	57004	0	0
„ Balance, for Cash in hand	2208	0	0
	59212	0	0

LEDGER ABSTRACT (i)—*continued.*

<i>Dr.</i>		PROFIT		
		£	s	d
	To Total to date	1209	3	5
	„ Stock for Nett Gain	2081	0	10
		<hr/>		
		3290	4	3
		<hr/>		

We proceed to a second Example of a Ledger Abstract.

(ii) Suppose that the following are the particulars of my position at the close of the year.

The *Dr.* side of Stock Account is £500. The *Dr.* side of Goods Account is £805, and the *Cr.* £560. The *Dr.* side of Profit & Loss Account is £9, and the *Cr.* £3. H. Cook owes me £342, B. James £230. I owe T. Wills £176. The Balance of Bills Receivable Account is £153; and of Bills Payable £35. The Balance of Cash in hand is £250; and of Goods £275.

It is required to rule Accounts for this Ledger Abstract; to place the given amounts on the proper sides of them; and then to close the Ledger. What is the nett Capital?

LEDGER ABSTRACT (ii).

<i>Dr.</i>		STOCK ACCOUNT.		<i>Cr.</i>
		£		£
To Total	500	By Total	1515	
„ Balance	1039	„ Profit & Loss	24	
	<hr/>		<hr/>	
	1539		1539	
	<hr/>		<hr/>	

GOODS ACCOUNT.

To Total	805	By Total	560
„ Profit & Loss	30	„ Balance	275
	<hr/>		<hr/>
	835		835
	<hr/>		<hr/>

LEDGER ABSTRACT (i)—*continued.*

& LOSS.		Cr.		
	By Total to date	£	s	d
	„ Merchandise	304	10	0
		2985	14	3
		3290	4	3

LEDGER ABSTRACT (ii)—*continued.*

PROFIT & LOSS.

To Total	£ 9	By Total	£ 3
„ Stock	24	„ Goods	30
	33		33

BALANCE ACCOUNT.

To H. Cook	342	By T. Wills	176
„ B. James	230	„ Bills Payable	35
„ Bills Receivable	163	„ Stock	1039
„ Goods	275		
„ Cash	250		
	1250		1250

In the above Ledger Abstract the given Balances are the principal test of the student's knowledge. He is expected to recollect that Balances owing to me are on the *Cr.* side of Personal Accounts, and therefore in the Balance Account will be on the *Dr.* side; and that the contrary is the case with respect to Balances owing by me. He is also expected to recollect that a Balance in Bills Receivable (if any) must occur on the *Cr.* side, and one in Bills Payable on the *Dr.* side; also that Balances in the Cash Account and Goods Account are always

on the *Cr.* side; all of which are inverted in the Balance Account.

Finally, when the Balance and Profit & Loss Accounts have their results transferred to Stock Account, it is ascertained, by a comparison of the *Dr.* and *Cr.* sides of Stock Account, that the total to date on the *Cr.* side of that Account must have been £1515.

30. Ledger Accounts, in Double Entry, are of three principal kinds—Personal Accounts, Real or Property Accounts, and Nominal or Fictitious Accounts.

A Personal Account is one which has for its title the name of a person or firm. A Real Account is one which has for its title the name of some kind of Goods or Property, as *Wine, Ship 'Mary,' House Property, Cash, Bills*; it is called *Real*, from the Latin word *Res*, goods or effects. Nominal Accounts comprehend the Profit & Loss Account and its branches, in which neither the names of persons nor those of goods form the titles. It is intelligible enough that an owner of Books may regard not only persons, but also goods and even profits and losses, as being in Account with him.

It is by recognising this threefold description of Accounts that the system of Double Entry effects the object which its name indicates.

Now, the great difference between the methods of Double Entry and Single Entry is, that Real Accounts are neglected in the latter. Single Entry is the more convenient method, and often the only practicable one, for retail concerns. Even a general merchant is obliged to use it, when his business, from the multitude of its Real Accounts, is similar to a retail concern. In all cases where the items of goods are so varied and numerous that it would be impossible to keep distinct accounts of them, it becomes necessary to neglect the Real Accounts. Some merchants, however, introduce in the Single Entry Ledger a Cash Account, compiled from the Cash Book, and a Trade Account, compiled from the Invoice, Sales, and Cash Books. These varieties of practice result from attempts

to remedy the defectiveness of Single Entry. We proceed to explain and exemplify what we consider the best general method of keeping Accounts on the principle of Single Entry.*

31. To keep Accounts by Single Entry, the chief Books required are a Cash Book, a Bought Day Book for Goods bought on credit, a Sold Day Book for Goods sold on credit, and a Ledger.

The Ledger is to be compiled from the three other Books, and is to exclude Real Accounts, such as Cash and Goods, but is to contain the Nominal Accounts of Profit & Loss, if profits arise from anything else besides Merchandise.

The Balance of Goods on hand at the time of closing the Books is ascertained by taking stock and valuing it. The profit or loss from credit sales is ascertained by comparing the results of the two Day Books. Suppose, then, that the following set of Transactions is to be methodised according to Single Entry.

		<i>Transactions.</i>	£	s	d
1870					
Jan. 1		Arthur Mann commences business this day, with a Capital of	1000	0	0
"		Bought of James Fell, London :			
		113 lb. Congo Tea @ 1/9 £ 9 17 9			
		125 „ Hyson do. @ 2/6 15 12 6			
		140 „ Souchong do. @ 3/2 22 8 4			
		84 „ Gunpowder do.			
		@ 4/3 17 17 0	65	10	7

* We may here observe that it is uncertain what kind of distinction was originally intended by the name *Single Entry*. On this subject, Cory, in his 'Practical Treatise on Accounts,' says:—'With respect to the meaning of the term *Bookkeeping by Single Entry*, there is some difference of opinion, not only among merchants, but even among accountants. Some maintain that if the Journal is dispensed with, and the entries are made direct from the Waste Book or subsidiary Books into the Ledger, that this is the method by Single Entry, because there is only one posting, and the intermediate posting of the Journal is omitted; while others maintain that the term refers to the double entries in the Ledger, which the Italian method requires for each transaction; and that any method of Bookkeeping that dispenses with one of these two Ledger entries is Bookkeeping by Single Entry.'

		<i>Transactions—cont.</i>			£	s	d
1870							
Jan. 1		Bought of Abel Green, Liverpool:					
		185 lb. Plantation Coffee					
		@ 1/2 £10 15 10					
		76 „ Mocha do. @ 1/10	6 19 4		17	15	2
		Bought of Walters & Webb, Liverpool:					
		1246 lb. Moist Sugar @ 1/4	£20 15 4				
		1340 „ Loaf do. @ 1/5	27 18 4		48	13	8
		Paid Cash for carriage of Grocery .			1	3	0
		Bought of Fred. Gale, London:					
		56 doz. AX Port @ 28/	£ 72 16 0				
		64 „ BX do. @ 32/	102 8 0				
		60 „ CX do. @ 36/	108 0 0		283	4	0
		Bought of John Parker, Dublin:					
		63 doz. AY Sherry @ 25/	£78 15 0				
		54 „ BY do. @ 30/	81 0 0		159	15	0
		Bought of Matson & Co., London:					
		105 doz. Claret @ 14/6	£ 76 2 6				
		96 „ Champagne @ 36/	172 16 0		248	18	6
		Paid Cash for carriage of Wine .			1	12	0
3		Sold William Page, Chelsea:					
		10 doz. AX Port @ 29/	£14 10 0				
		10 „ AY Sherry @ 28/	14 0 0		28	10	0
		Sold Robert Bruce, Brompton:					
		40 lb. Hyson Tea @ 2/10	£5 13 4				
		36 „ Souchong do. @ 3/6	6 6 0				
		12 „ Gunpowder do.					
		@ 4/9	2 17 0				
		224 „ Moist Sugar @ 1/4 1/2	4 4 0				
		154 „ Loaf do. @ 5 1/2	3 10 7		22	10	11
		Cash Sales this day: Grocery	£2 17 4				
		do. do. Wine	1 12 4		4	9	8
4		Cash Sales this day: Grocery	£3 0 3				
		do. do. Wine	2 19 10		6	0	1
5		Sold Mrs. Winter, Paddington:					
		4 lb. Hyson Tea @ 2/11	£0 11 8				
		6 „ Plantn. Coffee @ 1/4	0 8 0				
		8 „ Loaf Sugar @ 1/6	0 4 0				
		10 „ Moist do. @ 1/5	0 4 2		1	7	10
		Cash Sales this day: Grocery	£2 12 0				
		do. do. Wine	2 19 6		5	11	6
6		Paid Abel Green, Liverpool: .			17	6	4
		for amount of his a/c	£17 15 2				
		less Discount 2 1/2 %	0 8 10				
		Sold Arthur Gray, Knightsbridge:					
		3 doz. Champagne @ 40/	£6 0 0				
		3 „ Claret @ 16/6	2 9 6		8	9	6

		<i>Transactions—cont.</i>			£	s	d
1870							
Jan. 6		Sold John Gill, Knightsbridge:					
		50 lb. Congo Tea @ 2/	£5 0 0				
		50 „ Souchong do. @ 3/6	8 15 0				
		8 „ Gunpdr. do. @ 4/9	1 18 0				
		20 „ Mocha Coffee @ 2/1	2 1 8				
		35 „ Plantn. do. @ 1/3	2 3 9	19	18	5	
		Cash Sales this day: Grocery	£4 15 10				
		do. do. Wine	3 16 8	8	12	6	
7		Cash Sales this day: Grocery	£4 8 7				
		do. do. Wine	4 14 3	9	2	10	
8		Sold Robert Bruce, Brompton:					
		24 lb. Mocha Coffee @ 2/1	£2 10 0				
		32 „ Plantn. do. @ 1/3	2 0 0	4	10	0	
		Paid Wages		0	15	0	
		Cash Sales this day: Grocery	£6 6 4				
		do. do. Wine	4 18 8	11	5	0	
10		Paid James Fell, London:		63	17	10	
		for amount of his a/c	£65 10 7				
		less Discount	1 12 9				
		Cash Sales this day: Grocery	£2 6 2				
		do. do. Wine	2 8 7	4	14	9	
11		Bought of James Fell, London:					
		320 lb. Congo Tea @ 1/9	£28 0 0				
		300 „ Hyson do. @ 2/6	37 10 0				
		400 „ Souchong do. @ 3/2	63 6 8	128	16	8	
		Paid carriage of the above		0	7	6	
		Cash Sales this day: Grocery	£2 15 8				
		do. do. Wine	3 17 9	6	13	5	
12		Sold Henry Black, Kensington:					
		20 lb. Hyson Tea @ 2/10	£2 16 8				
		12 „ Souchong do. @ 3/6	2 2 0				
		112 „ Loaf Sugar @ 5/4	2 11 4				
		180 „ Moist do. @ 4/4	3 7 6	10	17	6	
		Bought of Abel Green, Liverpool:					
		160 lb. Mocha Coffee @ 1/10	£14 13 4				
		300 „ Plantn. do. @ 1/2	17 10 0	32	3	4	
		Cash Sales this day: Grocery	£3 6 5				
		do. do. Wine	5 13 4	8	19	9	
13		Cash Sales this day: Grocery	£4 1 11				
		do. do. Wine	4 18 2	9	0	1	
14		Sold Philip Hume, Chelsea:					
		8 doz. BX Port @ 36/	£14 8 0				
		9 „ BY Sherry @ 33/6	15 1 6				
		6 „ Champagne @ 40/	12 0 0				
		6 „ Claret @ 16/6	4 19 0	46	8	6	
		Cash Sales this day: Grocery	£ 5 2 0				
		do. do. Wine	4 11 0	9	13	0	

1870	<i>Transactions—cont.</i>	£	s	d
Jan. 15	Received of Robert Bruce, Brompton, on account	15	0	0
"	Paid Wages, &c.	0	17	6
"	Cash Sales this day: Grocery £ 6 10 9	11	18	11
"	do. do. Wine 5 8 2	5	0	9
17	Cash Sales this day: Grocery £ 3 1 10	10	0	0
"	do. do. Wine 1 18 11	7	12	8
18	Received of John Gill, Knightsbridge .	23	14	0
"	Cash Sales this day: Grocery £ 2 18 2	7	9	6
"	do. do. Wine 4 14 6	30	0	0
19	Sold Henry Weight, Piccadilly:	9	0	0
"	12 doz. Champagne @ 39/6	15	15	6
"	Cash Sales this day: Grocery £ 3 17 6	0	15	0
"	do. do. Wine 3 12 0	13	7	10
20	Paid Walters & Webb, Liverpool	7	12	5
"	Cash Sales this day: Grocery £ 4 4 6	26	15	9
"	do. do. Wine 4 15 6	11	14	11
21	Received of Robert Bruce, Brompton .	9	7	5
"	for balance of his a/c £12 0 11	15	15	6
"	less discount 0 6 0	0	15	0
"	Cash Sales this day: Grocery £ 5 9 10	13	7	10
"	do. do. Wine 3 17 7	7	12	5
22	Sold William Page, Chelsea:	15	15	6
"	5 doz. CX Port @ 40/ £10 0 0	0	15	0
"	7 „ Claret @ 16/6 5 15 6	9	4	5
"	Paid Wages	100	0	0
"	Cash Sales this day: Grocery £ 7 10 1	13	4	6
"	do. do. Wine 5 17 9	27	0	0
24	Cash Sales this day: Grocery £ 4 13 8	9	7	1
"	do. do. Wine 2 18 9	9	4	5
25	Sold Arthur Gray, Knightsbridge:	6	15	9
"	4 doz. AX Port @ 29/6 £5 18 0	9	7	1
"	3 lb. Souchong Tea @ 3/8 0 11 0	26	15	9
"	3 „ Mocha Coffee @ 2/3 0 6 9	9	4	5
"	Cash Sales this day: Grocery £4 15 3	100	0	0
"	do. do. Wine 4 11 10	13	4	6
26	Cash Sales this day: Grocery £4 9 8	27	0	0
"	do. do. Wine 4 14 9	9	4	5
27	Paid Fred. Gale, London	13	4	6
"	Cash Sales this day: Grocery £5 16 4	28	2	8
"	do. do. Wine 7 8 2	12	2	8
28	Sold Frank Ward, Chelsea:	10	17	1
"	56 lb. Plantn. Coffee @ 1/3 £3 10 0	28	2	4
"	28 „ Mocha do. @ 2/1 2 18 4	168	3	0
"	168 „ Moist Sugar @ 1/4 3 3 0	112	2	4
"	112 „ Loaf do. @ 5/2 2 11 4	28	2	4
"	Cash Sales this day: Grocery £3 18 5	10	17	1
"	do. do. Wine 6 18 8			

1870	Transactions—cont.	£	s	d
Jan. 29	Received of Mrs. Winter, Paddington .	1	7	10
"	Sold Mrs. Winter, Paddington :			
	2 doz. Champagne @ 40/ £4 0 0			
	3 lb. Gunpowder Tea @ 4/10 0 14 6			
	2 „ Mocha Coffee @ 2/3 0 4 6	4	19	0
"	Paid Wages, &c.	0	17	6
"	Cash Sales this day: Grocery £8 13 7			
	do. do. Wine 9 7 10	18	1	5
31	Paid Clerk's Salary	10	0	0
"	Cash Sales this day: Grocery £2 13 10			
	do. do. Wine 1 19 9	4	13	7

In order to relieve the Cash Book of a multitude of entries, let us suppose that account is kept of Wages paid in a Petty Book, and that only its monthly totals appear in the Cash Book. Also let us suppose that only the monthly totals of Cash Sales appear in it. The following Petty Book of Daily Cash Sales will supply these for a Cash Book adapted to the above Transactions.

DAILY CASH SALES for January 1870.

Mon.	Tues.	Wednes.	Thurs.	Fri.	Satur.	Weekly Totals
GROCERY.						
£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
2 17 4	3 0 3	2 12 0	4 15 10	4 8 7	6 6 4	24 0 4
2 6 2	2 15 8	3 6 5	4 1 11	5 2 0	6 10 9	24 2 11
3 1 10	2 18 2	3 17 6	4 4 6	5 9 10	7 10 1	27 1 11
4 13 8	4 15 3	4 9 8	5 16 4	3 18 5	8 13 7	32 6 11
2 13 10						2 13 10
Total Cash Sales of Grocery for January						110 5 11
WINE.						
1 12 4	2 19 10	2 19 6	3 16 8	4 14 3	4 18 8	21 1 3
2 8 7	3 17 9	5 13 4	4 18 2	4 11 0	5 8 2	26 17 0
1 18 11	4 14 6	3 12 0	4 15 6	3 17 7	5 17 9	24 16 3
2 18 9	4 11 10	4 14 9	7 8 2	6 18 8	9 7 10	36 0 0
1 19 9						1 19 9
Total Cash Sales of Wine for January						110 14 3

The Cash Book, &c. may now be compiled as follows :—

Dr.

CASH BOOK.

		Disc.			Cash		
		£	s	d	£	s	d
1870							
Jan. 1	To Capital				1000	0	0
15	„ Robert Bruce				15	0	0
18	„ John Gill				10	0	0
21	„ Robert Bruce	0	6	0	11	14	11
29	„ Mrs. Winter				1	7	10
31	„ Grocery, Cash Sales for Jan.				110	5	11
„	„ Wine, do. do.				110	14	3
		0	6	0	1259	2	11
Feb. 1	To Balance brought down				1031	11	3

BOUGHT DAY BOOK.

		Grocery			Wine			Total		
		£	s	d	£	s	d	£	s	d
1870										
Jan. 1	James Fell, London :									
	113 lb. Congo Tea @ 1/9	9	17	9						
	125 „ Hyson do. @ 2/6	15	12	6						
	140 „ Souchong do. @ 3/2	22	3	4						
	84 „ Gunpowd. do. @ 4/3	17	17	0				65	10	7
„	Abel Green, Liverpool :									
	185 lb. Plantn. Coffee @ 1/2	10	15	10						
	76 „ Mocha do. @ 1/10	6	19	4				17	15	2
„	Walters & Webb, Liverpool :									
	1246 lb. Moist Sugar @ 1/4	20	15	4						
	1340 „ Loaf do. @ 1/5	27	18	4				48	13	8
	Carried forward	131	19	5				131	19	5

CASH BOOK.

Cr.

		Disc.			Cash		
		£	s	d	£	s	d
1870							
Jan. 1	By Grocery, for carriage . . .				1	3	0
"	" Wine, do.				1	12	0
6	" Abel Green	0	8	10	17	6	4
10	" James Fell	1	12	9	63	17	10
11	" Grocery, for carriage . . .				0	7	6
20	" Walters & Webb				30	0	0
27	" Fred. Gale				100	0	0
31	" Profit & Loss, for Wages this month				3	5	0
"	" Profit & Loss, for Clerk's Salary				10	0	0
"	" Balance carried down				1031	11	3
		2	1	7	1259	2	11

BOUGHT DAY BOOK.

		Grocery			Wine			Total		
		£	s	d	£	s	d	£	s	d
1870										
Jan. 1	<i>Brought forward</i>	131	19	5				131	19	5
	Fred. Gale, London :									
	56 doz. AX Port Wine @ 26/				72	16	0			
	64 " BX do. @ 32/				102	8	0			
	60 " CX do. @ 36/				108	0	0	283	4	0
"	John Parker, Dublin :									
	63 doz. AY Sherry @ 25/				78	15	0			
	54 " BY do. @ 30/				81	0	0	159	15	0
"	Matson & Co., London :									
	105 doz. Claret @ 14/6				76	2	6			
	96 " Champagne @ 36/				172	16	0	248	18	6
	<i>Carried forward</i>	131	19	5	691	17	6	823	16	11

BOUGHT DAY BOOK.

1870		Grocery			Wine			Total		
		£	s	d	£	s	d	£	s	d
	<i>Brought forward</i>	131	19	5	691	17	6	823	16	11
Jan. 11	James Fell, London :									
	320 lb. Congo Tea @ 1/9	28	0	0						
	300 „ Hyson do. @ 2/6	37	10	0						
	400 „ Souchong do. @ 3/2	63	6	8				128	16	8
12	Abel Green, Liverpool :									
	160 lb. Mocha Coffee @ 1/10	14	13	4						
	300 „ Plantn. do. @ 1/2	17	10	0				32	3	4
31	Total Credit Purchases in Jan.	292	19	5	691	17	6	984	16	11
	To Cash paid for carriage, as per Cash Book	1	10	6	1	12	0	3	2	6
	To Profit & Loss, for gain on Goods	26	3	1	24	7	6	50	10	7
	Totals, as per Sold Day Book	320	13	0	717	17	0	1038	10	0

SOLD DAY BOOK.

1870		Grocery			Wine			Total		
		£	s	d	£	s	d	£	s	d
Jan. 3	William Page, Chelsea :									
	10 doz. AX Port @ 29/				14	10	0			
	10 „ AY Sherry @ 28/				14	0	0	28	10	0
„	Robert Bruce, Brompton :									
	40 lb. Hyson Tea @ 2/10	5	13	4						
	36 „ Souchong do. @ 3/6	6	6	0						
	12 „ Gunpowd. do. @ 4/9	2	17	0						
	224 „ Moist Sugar @ 4½	4	4	0						
	154 „ Loaf do. @ 5½	3	10	7				22	10	11
	<i>Carried forward</i>	22	10	11	28	10	0	51	0	11

SOLD DAY BOOK.

		Grocery			Wine			Total		
		£	s	d	£	s	d	£	s	d
1870		22	10	11	28	10	0	51	0	11
	<i>Brought forward</i>									
Jan. 5	Mrs. Winter, Paddington :									
	4 lb. Hyson Tea @ 2/11	0	11	8						
	6 „ Plantn. Coffee @ 1/4	0	8	0						
	8 „ Loaf Sugar @ /6	0	4	0						
	10 „ Moist do. @ /5	0	4	2				1	7	10
6	Arthur Gray, Knightsbridge :									
	3 doz. Champagne @ 40/				6	0	0			
	3 „ Claret @ 16/6				2	9	6	8	9	6
„	John Gill, Knightsbridge :									
	50 lb. Congo Tea @ 2/	5	0	0						
	50 „ Souchong do. @ 3/6	8	15	0						
	8 „ Gunpowd. do. @ 4/9	1	18	0						
	20 „ Mocha Coffee @ 2/1	2	1	8						
	35 „ Plantn. do. @ 1/3	2	3	9				19	18	5
8	Robert Bruce, Brompton :									
	24 lb. Mocha Coffee @ 2/1	2	10	0						
	32 „ Plantn. do. @ 1/3	2	0	0				4	10	0
12	Henry Black, Kensington :									
	20 lb. Hyson Tea @ 2/10	2	16	8						
	12 „ Souchong do. @ 3/6	2	2	0						
	112 „ Loaf Sugar @ /5½	2	11	4						
	180 „ Moist do. @ /4½	3	7	6				10	17	6
14	Philip Hume, Chelsea :									
	8 doz. BX Port @ 36/				14	8	0			
	9 „ BY Sherry @ 33/6				15	1	6			
	6 „ Champagne @ 40/				12	0	0			
	6 „ Claret @ 16/6				4	19	0	46	8	6
19	Henry Weight, Piccadilly :									
	12 doz. Champagne @ 39/6				23	14	0	23	14	0
	<i>Carried forward</i>	59	4	8	107	2	0	166	6	8

SOLD DAY BOOK.

		Grocery			Wine			Total		
		£	s	d	£	s	d	£	s	d
1870		59	4	8	107	2	0	166	6	8
Jan. 22	<i>Brought forward</i> William Page, Chelsea :									
	5 doz. CX Port @ 40/				10	0	0			
	7 „ Claret @ 16/6				5	15	6	15	15	6
25	Arthur Gray, Knightsbridge :									
	4 doz. AX Port @ 29/6				5	18	0			
	3 lb. Souchong Tea @ 3/8	0	11	0						
	3 „ Mocha Coffee @ 2/3	0	6	9				6	15	9
28	Frank Ward, Chelsea :									
	56 lb. Plantn. Coffee @ 1/3	3	10	0						
	28 „ Mocha do. @ 2/1	2	18	4						
	168 „ Moist Sugar @ 1/4½	3	3	0						
	112 „ Loaf do. @ 1/5½	2	11	4				12	2	8
	<i>Carried forward</i>	72	5	1	128	15	6	201	0	7

LEDGER.

SINGLE

<i>Dr.</i>			ARTHUR MANN'S		
1870			£	s	d
Jan.	31	To Balance carried down . . .	1039	1	2
			1039	1	2

<i>Dr.</i>			JAMES FELL,		
Jan.	10	To Sundries	65	10	7
	31	„ Balance carried down	128	16	8
			194	7	3

SOLD DAY BOOK.

1870		Grocery			Wine			Total		
		£	s	d	£	s	d	£	s	d
	<i>Brought forward</i>	72	5	1	128	15	6	201	0	7
Jan. 29	Mrs. Winter, Paddington :									
	2 doz. Champagne @ 40/				4	0	0			
	3 lb. Gunpowd. Tea @ 4/10	0	14	6						
	2 „ Mocha Coffee @ 2/3	0	4	6				4	19	0
	Total Credit Sales in January	73	4	1	132	15	6	205	19	7
	„ Cash do. as per Cash Book	110	5	11	110	14	3	221	0	2
	Balance, Goods on hand, as per valuation	137	3	0	474	7	3	611	10	3
		320	13	0	717	17	0	1038	10	0

ENTRY.

LEDGER.

CAPITAL ACCOUNT.

Cr.

1870			£	s	d
Jan.	1	By Cash	1000	0	0
	31	„ Profit & Loss	39	1	2
			1039	1	2
Feb.	1	By Balance brought down	1039	1	2

LONDON.

Cr.

			£	s	d
Jan.	1	By Grocery	65	10	7
	11	„ do.	128	16	8
			194	7	3
Feb.	1	By Balance brought down	128	16	8

LEDGER.

SINGLE

<i>Dr.</i>		ABEL GREEN,			
1870			£	s	d
Jan.	6	To Sundries	17	15	2
	31	„ Balance carried down	32	3	4
			49	18	6

<i>Dr.</i>		WALTERS & WEBB,			
Jan.	20	To Cash	30	0	0
	31	„ Balance carried down	18	13	8
			<u>48</u>	<u>13</u>	<u>8</u>

Dr.		FRED. GALE,			
Jan.	27	To Cash	100	0	0
	31	„ Balance carried down	183	4	0
			283	4	0

<i>Dr.</i>		JOHN PARKER,			
Jan.	31	To Balance carried down	159	15	0

<i>Dr.</i>		MATSON & CO.,			
Jan.	31	To Balance carried down	248	18	6

*ENTRY.***LEDGER.****LIVERPOOL.***Cr.*

1870			£	s	d
Jan.	1	By Grocery	17	15	2
	12	„ do.	32	3	4
			49	18	6
Feb.	1	By Balance brought down	32	3	4

LIVERPOOL.*Cr.*

Jan.	1	By Grocery	48	13	8
			48	13	8
Feb.	1	By Balance brought down	18	13	8

LONDON.*Cr.*

Jan.	1	By Wine	283	4	0
			283	4	0
Feb.	1	By Balance brought down	183	4	0

DUBLIN.*Cr.*

Jan.	1	By Wine	159	15	0
Feb.	1	By Balance brought down	159	15	0

LONDON.*Cr.*

Jan.	1	By Wine	248	18	6
Feb.	1	By Balance brought down	248	18	6

LEDGER.

SINGLE

<i>Dr.</i>		WILLIAM PAGE,			
1870			£	s	d
Jan.	3	To Wine	28	10	0
	22	„ do.	15	15	6
			44	5	6
Feb.	1	To Balance brought down	44	5	6

<i>Dr.</i>		ROBERT BRUCE,								
Jan.	3	To Grocery	.	.	.	.	.	22	10	11
	8	„ do.	.	.	.	.	.	4	10	0
								27	0	11

<i>Dr.</i>		<i>MRS. WINTER,</i>			
Jan.	5	To Grocery	1	7	10
	29	„ Sundries	4	19	0
			6	6	10
Feb.	1	To Balance brought down . . .	4	19	0

<i>Dr.</i>		ARTHUR GRAY,			
Jan.	6	To Wine	8	9	6
	25	„ Sundries	6	15	9
			15	5	3
Feb.	1	To Balance brought down	15	5	3

ENTRY.**LEDGER.****CHELSEA.***Cr.*

1870 Jan.	31	By Balance carried down . . .	£ 44	s 5	d 6
			44	5	6

BROMPTON.*Cr.*

Jan.	15	By Cash	15	0	0
	21	„ Sundries	12	0	11
			27	0	11

PADDINGTON.*Cr.*

Jan.	29	By Cash : : :	1	7	10
	31	„ Balance carried down	4	19	0
			6	6	10

KNIGHTSBRIDGE.*Cr.*

Jan.	31	By Balance carried down	15	5	3
			15	5	3

LEDGER

SINGLE

<i>Dr.</i>			JOHN GILL,		
1870			£	s	d
Jan.	6	To Grocery	19	18	5
			19	18	5
Feb.	1	To Balance brought down	9	18	5

<i>Dr.</i>			HENRY BLACK,		
Jan.	12	To Grocery	10	17	6
Feb.	1	To Balance brought down	10	17	6

<i>Dr.</i>			PHILIP HUME,		
Jan.	14	To Wine	46	8	6
Feb.	1	To Balance brought down	46	8	6

<i>Dr.</i>			HENRY WEIGHT,		
Jan.	19	To Wine	23	14	0
Feb.	1	To Balance brought down	23	14	0

<i>Dr.</i>			FRANK WARD,		
Jan.	28	To Grocery	12	2	8
Feb.	1	To Balance brought down	12	2	8

<i>Dr.</i>			DISCOUNT		
Jan.	31	To Robert Bruce	0	6	0
	"	„ Profit & Loss	1	15	7
			2	1	7

*ENTRY.***LEDGER.****KNIGHTSBRIDGE.***Cr.*

1870			£	s	d
Jan.	18	By Cash	10	0	0
	31	„ Balance carried down	9	18	5
			19	18	5

KENSINGTON.*Cr.*

Jan.	31	By Balance carried down	10	17	6
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CHELSEA.*Cr.*

Jan.	31	By Balance carried down	46	8	6
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PICCADILLY.*Cr.*

Jan.	31	By Balance carried down	23	14	0
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CHELSEA.*Cr.*

Jan.	31	By Balance carried down	12	2	8
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ACCOUNT.*Cr.*

Jan.	31	By Sundries	2	1	7
			2	1	7

LEDGER.

SINGLE

Dr.		PROFIT			
1870			£	s	d
Jan.	31	To Cash	3	5	0
	"	" do.	10	0	0
	"	" Capital Account for Nett Gain .	39	1	2
			52	6	2

<i>Dr.</i>		BALANCE
1870		
Feb.	1	
	To James Fell	£ 128 16 8
	" Abel Green	32 3 4
	" Walters & Webb	18 13 8
	" Fred. Gale	183 4 0
	" John Parker	159 15 0
	" Matson & Co. . . .	248 18 6
	" Nett Capital	771 11 2
		1039 1 2
		1810 12 4

ENTRY.

LEDGER.

& LOSS.

Cr.

1870			£	s	d
Jan.	31	By Discount	1	15	7
	"	" Grocery	26	3	1
	"	" Wine	24	7	6
			52	6	2

SHEET.

Cr.

1870		Assers.	£	s	d	£	s	d
Feb.	1	By Goods on hand :						
		Grocery	137	3	0			
		Wine	474	7	3	611	10	3
		Cash in hand				1031	11	3
		William Page	44	5	6			
		Mrs. Winter	4	19	0			
		Arthur Gray	15	5	3			
		John Gill	9	18	5			
		Henry Black	10	17	6			
		Philip Hume	46	8	6			
		Henry Weight	23	14	0			
		Frank Ward	12	2	8	167	10	10
						1810	12	4

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